Canada Mortgage and Housing Corporation

Société canadienne d'hypothèques et de logement

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A STUDY OF THE RESIDENTIAL RENOVATION INDUSTRY IN NOVA SCOTIA: FINAL REPORT

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March 30, 1988

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EXECUTIVE SUMMARY

1. INTRODUCTION

1.1 Objectives

The objectives of this study were to conduct exploratory research and acquire comprehensive data regarding the past and likely future structure and capacity of the residential renovation industry in Nova Scotia. This information would permit appropriate public and private sector response in the development and planning of policy related to this industry, as well as other organizational and educational activities.

1.2 Phasing of the Study

The study involved four phases:

- A survey of Nova Scotia households to determine the overall scope and extent of residential renovation activity;

- Preparation of a comprehensive data base of residential renovation industry participants in the province of Nova Scotia;

- A renovators' survey to develop a comprehensive profile of the characteristics and activity patterns in the residential renovation industry.

- Case studies, consisting of a dozen in-depth interviews with industry firms, to supplement and explore in greater detail the findings of the renovators' survey.

2.0 THE NATURE OF THE RENOVATION INDUSTRY

2.1 Industry Structure

The structural characteristics of the renovation industry were determined on the basis of the results of the homeowner and industry surveys.

2.2 Operating Characteristics

Ownership

Approximately half of respondent firms were incorporated, 42% were sole proprietorships and 9% were partnerships.

Years in Business

On average, Nova Scotia renovation companies had been in business for 16 years and had been involved in residential renovation for 15 years. On average, the owners themselves had personally been involved in residential renovation for approximately 19 years. Approximately 40 percent of Nova Scotia firms have been involvwed in renovation activity for over ten years.

Reasons for Entering Residential Renovation Work

The main reasons cited for entering residential renovation work were to own one's own business (33%) and liking the work (26%). Only 11% cited good profit potential as their main reason. Approximately 13% and 11% cited family tradition and ease of entry into the market respectively as their main reason. There is generally a high level of satisfaction with renovation work in Nova Scotia. This is probably due to the fact that most Nova Scotia renovators have been involved in the business for a long period of time and are motivated by more than money.

Indeed, the personal interviews with renovators indicate that Nova Scotia renovators are very concerned with quality workmanship.

Size of Firms

The number of employees of respondent firms ranged from 0 to 39. The average number of employees per firm was 4.8. Approximately 20% of firms were one person operations. Approximately half of respondents employed office staff and licensed tradesmen; 20% employed laborers, 32% employed unlicensed tradesmen and 27% employed apprentice tradesmen. On average, respondent firms employed 4.4 additional employees during their work peak.

Qualifications and Work Background

Approximately 43% and 3% of the renovators sample considered themselves to be licensed tradesmen and apprentice tradesmen respectively. Approximately 36% of respondents currently practice another profession, however, no one occupation predominates. Respondents living in counties outside Halifax are most likely to practice other professions - 44% compared to 24% respectively. This may indicate that there is not a sufficient market demand to support full-time renovation businesses, especially in rural areas of Nova Scotia. It is likely that respondents in rural areas are employed in primary industries (fishing or farming) and use residential renovation for extra revenue.

3.0 THE NATURE OF RENOVATION ACTIVITY

The household survey has shown that, not only is renovation activity substantial on an aggregate basis (44% of respondent households undertook renovations within the past twelve months), but also that it is wide-ranging throughout the province. Even

the least active counties; Hants, Richmond, and Colchester with respondent households indicating renovation activity at 26%, 28% and 31% respectively, represent substantial markets. In all other counties, the number of household respondents indicating renovation activity ranged from 32% to 56% of the county sample.

The household survey estimates the total value of renovations completed in 1985 in Nova Scotia to be approximately $282 million. Statistics Canada data indicates that the value of residential repair in the province in 1985 was $116.8 million. The difference is largely because Statistics Canada defines structural change, (additions, major renovations, conversions and alterations) as "new", whereas in the context of the definition used in the preamble to the household survey it is considered as renovation.

As was suspected, a substantial amount of renovation activity is undertaken by the homeowners themselves. In fact, half of respondent households undertook all of the work conducted in the past twelve months; and half of respondent households (not necessarily the same respondents) intend to undertake all of their future renovation projects by themselves. This phenomenon is not restricted to a particular dwelling type, market value or geographic area.

The source of renovator is also a question of interest to the industry. In this regard, 70% of households indicated that they relied on recommendations from friends and/or relatives and 7% from other renovators. Thus, approximately 77% of business is generated from non-advertising sources. This figure is substantially higher than that for most other types of business. For example, retail merchants consider that less than 30% of their business volume is generated by word of mouth; the remainder results from walk-in traffic and advertising.

The 77% referral level is not altogether surprising in the context of the nature of the renovation industry. But, it begs the question of whether the industry could improve its market penetration through more effective advertising focussed upon specific target groups. In this regard, the household survey provides breakdowns by dwelling type, age and market value, as well as geographical area, which could be used by industry to structure a promotional campaign.

The high referral level also points to the importance of quality craftsmanship. The referral process works both ways: good work begets more work; poor work begets no work. As was shown in the renovators' survey, industry is well aware of the importance of referrals, which can only be generated by quality workmanship.

Future Renovation Activity

Forty percent of all householders indicated they would be doing renovation work on their dwellings and property within the next one to two years. Household survey respondents who made improvements in the past year were also likely to continue with additional improvements in future. For example, 54 percent indicated an intention to do future works, compared with 33 percent who said "no" and 13 percent who said "maybe". Those who had not undertaken renovations in the past year were more likely not to make improvements in the next one to two years.

The average expenditure for these future improvements ($4,796) was higher than the actual expenditures reported for already completed improvements. Fifty percent of respondents said they would be doing their own renovations in future and not hiring out to tradesmen. This again confirms the previous estimate that 50 percent of renovation activity by value is done by self-help or free labour.

In projecting the sample expenditures to all households in the province, based on 1981 Statistics Canada data, an estimated $378 million will be spent on renovations in the next one to two years. However, expenditure intent is high when compared to actual historic expenditure. A more conservative estimate, based on the average historic expenditure of $3,330 would lower the future renovation estimate to $263 million.

Most renovators experienced a growth in sales in renovation work between 1985-86. And, most renovators expect sales to be stable or increase in the future. However, there are indications of a trend for sideline or part-time renovator firms to increase their share of the renovation market, thus decreasing the share of full-time renovation firms.

4.0 CONCLUSIONS

The renovation industry exhibits a variety of problems for which there are no easy solutions.

It would appear that most of these problems stem from the fact that renovation activity is characterized by a very low average unit value. For example, this study determined that the average renovation value for a residential dwelling is approximately $3,300, which represents approximately 2.5 person weeks per job.

It is readily evident that in order to keep an large work force productively occupied, it would be necessary to generate a substantial number of renovation jobs. This low unit value is one of the major reasons for the large number of small firms currently active in the industry, and also serves to explain a number of the characteristics of these firms:

- most renovators need another source of income;

- profit potential is increased if overheads are kept low, hence a small number of employees; and
- small firms have the flexibility to move with the market.

The low job values spread over many firms (because of the lack of adequate licensing procedures) explains why many renovators need a second source of income.

The small size of renovation firms contributes to many problems. There is little time for the application of recognized management procedures which results in poor bookkeeping, difficulties in collecting accounts receivable and high interest costs on lines of credit; and ultimately, low profits.

Because of the large number of firms, there is a high degree of competition for the amount of work which is available. This results in under-qualified renovators under-bidding jobs in order to obtain work. Again, low prices contribute to low profits, as well as potential quality deficiencies in the finished product. Poor management practice and lack of time make it difficult to respond to customer inquiries, special requests, and scheduling of work.

All of these problems result in low quality work and a poor public image. Rectifying this situation involves two parallel courses of action.

There is a definite call from the industry for a higher degree of regulation, particularly licensing of contractors and inspection work. In this regard, there appears for a preference for some form of self-governing body with a legislated mandate such as the provincial associations of professional engineers. While it would be difficult for this body to establish the required procedures and balance in addressing the needs of small and large

firms, in the long run it may be effective in enhancing the image of the industry, reducing the number of unqualified participants and as a result increase the work volumes and profit potential.

The other option available to improve industry performance is the adoption of a standard industry contract and/or warranty. This study has received contradictory reaction related to the implementation of these instruments. On the one hand, the renovators survey indicated a high potential for acceptance of a contract; while, on the other hand, the case study interviewees expressed ambivalent feelings. Approximately 65 percent of the renovators sampled were in favour of a warranty and they were of the opinion that it should be sponsored by the Canadian/Nova Scotia Construction Association. These documents should be binding for all construction/renovation firms in the province of Nova Scotia.

Finally, renovators have indicated that improved skills training is required. In their opinion, this is a provincial government responsibility and should address the importance of professionalism, common courtesy, client relations and pride in craftsmanship. Training should be hands-on experience involving both old and new construction techniques and materials. The renovation industry members interviewed indicated that apprenticeship training with experienced renovators as instructors would be the most valuable approach to accomplish these objectives.

Despite these problems, there is almost universal agreement, expressed by homeowners and industry alike, that in the future the renovation industry will continue to play an important role in the residential market. Forty percent of all homeowners surveyed indicated an intention to undertake renovations within the two years following the survey. Based upon these responses, this study estimates that renovation activity will attain an

annual value, in Nova Scotia, of approximately $300-350 million in the next one to two years.

RÉSUMÉ À L'INTENTION DE LA HAUTE DIRECTION

1.0 INTRODUCTION

1.1 Objectifs

Cette étude consistait à effectuer des recherches préliminaires et à obtenir des données détaillées sur la structure et la capacité, antérieures comme à venir, de l'industrie de la rénovation résidentielle en Nouvelle-Écosse. Ces renseignements permettraient aux secteurs privé et public de participer efficacement à l'élaboration de principes directeurs en la matière, ainsi qu'à la planification d'activités éducationnelles et organisationnelles.

1.2 Étapes de l'étude

Voici les quatre étapes de l'étude:

- Une enquête sur les ménages de la Nouvelle-Écosse pour déterminer l'étendue des activités de rénovation résidentielle;

- La préparation d'une base de données détaillées sur les membres de l'industrie de la rénovation résidentielle en Nouvelle-Écosse;

- Une enquête sur les entrepreneurs de rénovation destinée à l'élaboration d'un profil global des tendances des activités et des caractéristiques de l'industrie de la rénovation résidentielle;

- Des études de cas, consistant à mener une douzaine d'entrevues poussées au sein de l'industrie, pour compléter les résultats de l'enquête sur les entrepreneurs de rénovation et permettre de les examiner plus en détail.

2.0 NATURE DE L'INDUSTRIE DE LA RÉNOVATION

2.1 Structure de l'industrie

Les caractéristiques structurelles de l'industrie de la rénovation sont fondées sur les résultats des enquêtes effectuées auprès des propriétaires-occupants et de l'industrie.

2.2 Caractéristiques d'exploitation

Propriété

Environ la moitié les entreprises répondantes étaient constituées en société; 42 p. 100 appartenaient à une seule personne et 9 p. 100 à des associés.

Années d'exploitation

Les entreprises de rénovation de la Nouvelle-Écosse existent en moyenne depuis 16 ans et prennent part à la rénovation résidentielle depuis 15 ans. En moyenne, les propriétaires se livrent eux-mêmes à des travaux de rénovation résidentielle depuis environ 19 ans. Près de 40 p. 100 des entreprises s'occupent de rénovation depuis plus de dix ans.

Raisons de se lancer dans la rénovation résidentielle

D'après les résultats, 33 p. 100 des gens se sont lancés dans la rénovation résidentielle surtout pour posséder leur propre entreprise, et 26 p. 100 par amour du métier. Seulement 11 p. 100 d'entre eux ont indiqué chercher avant tout à réaliser de bons profits. Environ 13 p. 100 ont invoqué comme raison principale la tradition de famille, et 11 p. 100 la facilité d'accès au marché. Le niveau de satisfaction à l'égard des travaux de rénovation est

généralement élevé dans la province, probablement parce que la plupart des entrepreneurs s'occupent de rénovation depuis longtemps et ne sont pas motivés que par l'argent. En effet, les entrevues individuelles révèlent qu'ils se soucient beaucoup de la qualité d'exécution des travaux.

Taille des entreprises

Les entreprises répondantes comptaient jusqu'à 39 employés, la moyenne par entreprise se situant à 4,8. Environ 20 p. 100 n'étaient formées que d'une seule personne. Près de la moitié employaient du personnel de bureau et des gens de métiers qualifiés, 20 p. 100 des ouvriers, 32 p. 100 des gens de métiers non qualifiés, et 27 p. 100 des apprentis. En moyenne, les répondants engageaient 4,4 employés supplémentaires au cours des périodes de pointe.

Qualifications et expérience

Approximativement 43 p. 100 de l'échantillon d'entrepreneurs se considéraient comme gens de métiers qualifiés, et 3 p. 100 comme apprentis. Près de 36 p. 100 des répondants exerçaient un autre métier, sans toutefois qu'aucun ne prédomine. Les répondants n'habitant pas Halifax sont plus susceptibles d'exercer un autre métier (44 p. 100 par rapport à 24 p. 100). La demande ne semble donc pas assez forte pour justifier des activités de rénovation à plein temps, surtout dans les régions rurales de la Nouvelle-Écosse. Les répondants de ces régions travaillent probablement pour le compte d'industries de secteur primaire (pêche ou agriculture) et arrondissent leur revenu grâce à la rénovation résidentielle.

3.0 NATURE DES ACTIVITÉS DE RÉNOVATION

D'après l'enquête sur les ménages, la rénovation a de l'envergure non seulement dans l'ensemble de la province (44 p. 100 des ménages répondants ont entrepris des travaux de rénovation au cours des douze derniers mois), mais également dans chacun de ses comtés. Même les moins actifs, soit Hants, Richmond et Colchester, où les ménages ayant effectué des travaux de rénovation représentent respectivement 26, 28 et 31 p. 100 de l'échantillon, constituent des marchés importants. Dans tous les autres comtés, le pourcentage variait entre 32 et 56 p. 100.

Toujours selon la même enquête, la valeur totale des travaux de rénovation effectués en 1985 dans la province se chiffre à environ 282 millions de dollars. Statistique Canada y évalue les réparations résidentielles de 1985 à 116,8 millions de dollars. L'écart s'explique largement par le fait que Statistique Canada considère les changements structuraux (agrandissements, transformations, modifications et rénovations importantes) comme de la "construction neuve", tandis que l'enquête sur les ménages les définit dans son introduction comme des travaux de rénovation.

Comme on s'y attendait, beaucoup de travaux de rénovation sont entrepris par les propriétaires eux-mêmes. En fait, la moitié des ménages répondants se sont chargés de la totalité des travaux au cours des douze derniers mois, et la moitié des répondants (pas nécessairement les mêmes) ont l'intention d'exécuter eux-mêmes tous leurs travaux de rénovation à venir. Ce phénomène ne se limite pas à un genre d'habitation, à une valeur marchande, ni à un emplacement géographique particuliers.

La provenance des recommandations sur le choix d'un entrepreneur de rénovation intéresse également l'industrie. À ce sujet,

l'enquête indique que 70 p. 100 des ménages se sont fiés aux recommandations d'amis ou de parents et 7 p. 100 aux recommandations d'entrepreneurs de rénovation. Alors, environ 77 p. 100 des affaires sont générées autrement que par la publicité. Cette proportion est considérablement plus élevée que dans les autres secteurs commerciaux. Par exemple, de l'avis même des détaillants, moins de 30 p. 100 de leur chiffre d'affaires sont engendrés de bouche à oreille, le reste du volume provenant de la publicité ou tout simplement des passants.

Ce pourcentage de 77 p. 100 n'est guère surprenant en raison de la nature de l'industrie de la rénovation. Mais il reste à savoir si celle-ci peut encore améliorer sa pénétration du marché par une publicité plus efficace axée sur des groupes cibles précis. À cet effet, l'industrie pourrait se servir de la répartition selon le genre de logement, l'âge, la valeur marchande et l'emplacement géographique présentée dans l'enquête sur les ménages pour organiser une campagne publicitaire.

Le niveau élevé de recommandation fait également ressortir l'importance de la qualité d'exécution. Ce processus joue dans les deux sens: le travail bien fait apporte des débouchés, mais non le travail bâclé. Comme en témoigne l'enquête sur les entrepreneurs de rénovation, l'industrie se rend compte de l'importance des recommandations qui ne peuvent découler que de la qualité d'exécution des travaux.

Travaux de rénovation à venir

Les ménages répondants ont l'intention, dans une proportion de 40 p. 100, de rénover leur propriété d'ici à deux ans. Les ménages ayant apporté des améliorations l'année dernière en effectueront probablement d'autres à l'avenir. Par exemple,

54 p. 100 veulent exécuter des travaux à l'avenir, par rapport à 33 p. 100 n'ayant pas l'intention d'en effectuer et 13 p. 100 ayant répondu peut-être. Les ménages n'ayant pas effectué de travaux l'année dernière seront vraisemblablement moins enclins à en entreprendre d'ici un à deux ans.

Le coût moyen prévu de ces futures améliorations (4 796 dollars) est supérieur au coût réel signalé à l'égard des travaux déjà exécutés. Les répondants, dans 50 p. 100 des cas, ont l'intention de s'occuper eux-mêmes des travaux sans recourir à des gens de métiers; cette situation confirme de nouveau que 50 p. 100 des travaux de rénovation, en termes de valeur, sont exécutés par les propriétaires eux-mêmes ou des personnes non rémunérées.

Si l'on reporte les dépenses prévues de l'échantillon sur tous les ménages de la province, d'après les données de 1981 de Statistique Canada, un montant estimatif de 378 millions de dollars sera consacré à la rénovation au cours des deux prochaines années. Ce montant est toutefois élevé par rapport aux dépenses antérieures. Une estimation plus modeste, fondée sur la moyenne de ces dépenses, soit 3 330 dollars, ramènerait le coût estimatif des futurs travaux à 263 millions de dollars.

Les ventes de la majorité des entrepreneurs de rénovation ont connu une hausse entre 1985 et 1986, et la plupart d'entre eux s'attendent à ce qu'elles se stabilisent ou augmentent à l'avenir. La part du marché des entrepreneurs faisant de la rénovation comme occupation secondaire ou à temps partiel semble s'accroître au détriment des entreprises s'y livrant à temps plein.

4.0 CONCLUSIONS

L'industrie de la rénovation connaît divers problèmes, difficiles à résoudre, dont la majorité semblent découler de la valeur trop faible des travaux exécutés dans chaque logement. Par exemple, la présente étude établit la valeur moyenne des travaux de rénovation pour une habitation à environ 3 300 dollars, c'est-à-dire l'équivalent de 2,5 semaines-personnes par tâche.

Il est donc manifeste que, pour justifier l'emploi d'un effectif considérable, il faudrait créer beaucoup de travail. Cette faible valeur unitaire explique en grande partie le grand nombre de petites entreprises, ainsi que certaines de leurs caractéristiques:

- la majorité des entrepreneurs de rénovation ont besoin d'une autre source de revenu;
- les possibilités de profits n'augmentent que si les frais généraux et, par conséquent, le nombre d'employés, sont faibles; et
- les petites entreprises sont plus en mesure de s'adapter au marché.

Le fait que de nombreuses entreprises exécutent des travaux de faible valeur (à cause de l'absence d'un processus adéquat d'émission de permis) explique pourquoi un grand nombre d'entrepreneurs ont besoin d'une deuxième source de revenu.

La petite envergure des entreprises de rénovation entraîne bien des problèmes. Le fait qu'elles disposent de peu de temps pour mettre en pratique des méthodes de gestion reconnues se traduit par une comptabilité déficiente, des créances difficiles à recouvrer, des frais d'intérêt élevés sur la marge de crédit, et, enfin, par de maigres profits.

Vu le grand nombre d'entreprises, la concurrence est forte par rapport à la quantité de travail à exécuter. Par conséquent, des entrepreneurs sous-qualifiés font des offres très basses en vue d'obtenir du travail; les bas prix engendrent bien entendu de faibles profits, et la qualité du produit fini peut en souffrir. Les méthodes de gestion inefficaces et le manque de temps ne permettent que difficilement de donner suite aux demandes de renseignements des clients et aux demandes particulières, et d'établir un calendrier des travaux.

Ces problèmes nuisent à la qualité du travail et à l'image des entreprises. Pour remédier à la situation, voici deux solutions parallèles:

Tout d'abord, l'industrie préconise vivement l'augmentation du niveau de réglementation, surtout en matière d'inspection et d'émission de permis aux entrepreneurs; elle voudrait, de préférence, confier cette tâche à un organisme autorégulatoire possédant un mandat légal, par exemple, les associations provinciales d'ingénieurs. Malgré la difficulté d'établir les méthodes requises, adaptées autant aux besoins des petites que des grandes entreprises, l'industrie pourrait ainsi à long terme redorer son blason, réduire le nombre d'entrepreneurs non qualifiés et ainsi augmenter le volume de travail et les profits possibles.

L'autre façon d'améliorer la performance de l'industrie consiste à adopter une garantie ou un modèle de contrat normalisé. Cette suggestion a toutefois suscité des réactions contradictoires. D'une part, l'enquête sur les entrepreneurs donne à penser qu'un contrat a de grandes chances d'être accueilli favorablement; d'autre part, les études de cas indiquent que les avis à ce sujet sont partagés. Environ 65 p. 100 des entrepreneurs interrogés acceptent l'idée d'une garantie, laquelle serait parrainée par la

Canadian/Nova-Scotia Construction Association. Ce document serait obligatoire pour toutes les entreprises de rénovation et de construction de la Nouvelle-Écosse.

Enfin, les entrepreneurs de rénovation jugent nécessaire d'améliorer les compétences. À leur avis, cette responsabilité, qui relève du gouvernement provincial, doit être axée sur l'importance du professionalisme, la courtoisie mutuelle, les relations avec la clientèle et la fierté tirée de l'exécution soignée du travail. La formation doit prévoir des expériences pratiques recourant à des techniques et des matériaux, autant anciens que nouveaux. Selon les membres interrogés de l'industrie de la rénovation, il vaudrait nettement mieux recourir à des entrepreneurs de rénovation expérimentés pour la formation des apprentis.

Malgré ces problèmes, les membres de l'industrie et les propriétaires sont presque tous d'avis que la rénovation continuera d'occuper une part importante du marché résidentiel. En effet, 40 p. 100 des propriétaires répondants ont l'intention d'entreprendre des travaux de rénovation pendant les deux prochaines années. Il semble donc que les travaux de rénovation en Nouvelle-Écosse atteindront une valeur moyenne annuelle de 300 à 350 millions de dollars d'ici à deux ans.

1.0 INTRODUCTION

1.1 Background

In December 1985, the Canada Mortgage and Housing Corporation (CMHC) commissioned The DPA Group (DPA) to undertake a study of the residential renovation industry in Nova Scotia.

According to Statistics Canada, the dollar value of residential renovation[1] activity in Canada has increased steadily since 1976. In proportion to new residential construction, this market has grown from 29 percent in 1977 to approximately 50 percent today. Unlike new construction dollar volume, the growth of residential renovation has been extremely steady.

Statistics Canada data indicate that the residential renovation industry in Nova Scotia has led national trends. In 1984, residential renovation was 47.7 percent of total residential construction value. This level of activity increased to 54.2 percent in 1987, and fluctuated at approximately 50 percent over that period.

Renovation activity is considered to be an important source of revenue for construction contractors. However, the full spectrum of this activity, particularly in rural areas of Atlantic Canada, is not very well known or understood because of the high degree of fragmentation of the industry. Previous studies in New

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1 Defined as "Repair Construction" which consists of minor renovation and alterations made to maintain the operating efficiency of existing structures. (Statistics Canada)

Brunswick[2] and PEI[3] have indicated that approximately 50-80% of renovation work is undertaken on an informal or self-help basis. It has also been speculated that a substantial portion of renovation work is undertaken by unskilled and/or unlicensed craftsmen with accounts settled in cash or payment in kind. A recent study[4] in Quebec estimates that approximately 50 percent of home improvement activity falls outside the regulatory environment.

1.2 Objectives

Within this context, the objectives of this study were to conduct exploratory research and acquire comprehensive data regarding the past and likely future structure and capacity of the residential renovation industry. This information would permit appropriate public and private sector response to the development and planning of policy formulation, as well as other organizational and educational activities.

1.3 Scope of Work

The study involved four phases:

- A survey of Nova Scotia households to determine the overall scope and extent of residential renovation activity;

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2 Contractor Opinions of the Residential Rehabilitation Assistance Program in New Brunswick, DPA, 1985.
3 Prince Edward Island Residential Financing and Construction Survey, Rowe, 1983.
4 Les Affairs-Som, November, 1986.

- Preparation of a comprehensive data base of residential renovation industry participants in the province of Nova Scotia;

- A renovators' survey to develop a comprehensive profile of the characteristics and activity patterns in the residential renovation industry.

- Case studies, consisting of a dozen in-depth interviews with industry firms, were used to supplement and explore in greater detail the findings of the renovators' survey.

The homeowners' survey was designed to explore the type and value of renovation work undertaken in the past, and intended in the next two years, by homeowners in the province. The survey was also designed to provide an indication of the share of renovation activity performed by various categories of renovators.

The renovators' survey was used to acquire information regarding residential renovation industry participants. This survey explored the characteristics, business structure, problems and opinions regarding renovation work issues. The survey provided data which were useful for comparison with other major studies, such as the 1984 Remodelers Survey[5] in the United States, a 1983 survey of Toronto renovators[6], and a 1984 Review of Alberta's Home Renovation Industry[7]. The present study was intended, in

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5 1986 Remodelers Survey, Remodelling Magazine & National Association of Homebuilders, November 1985.
6 The Toronto Renovators, Caskie, 1983.
7 Review of Alberta's Home Renovation Industry, Alberta Department of Housing, date unspecified.

part, to be a pilot study for the research methodology. The findings of this survey will also be useful for comparison with future studies which may be contemplated.

1.4 Renovator Categories

For the purposes of this study, residential renovators were divided into five categories:

A. Full time, licensed to practice, possesses appropriate provincial certificate of qualification, only source of revenue, advertises;

B. Part time, licensed to practice, possesses appropriate provincial certificate of qualification, major but not sole source of revenue, advertises;

C. Works as and when available, not necessarily licensed but possesses certificate of qualification, secondary source of revenue, advertises sporadically, usually in classified "personals";

D. Not qualified or licensed but possesses recognized/ appreciated skills; available through personal referrals only, accounts settled in cash or barter, opportunistic source of income; and

E. Do-it-yourself and self-help.

Depending upon seasonal demand, an individual renovator may "float" between categories, or combinations of categories.

Categories A, B, and C were identified from existing sources such as the Yellow Pages, Municipal building permits and Nova Scotia

Department of Housing (NSDOH) lists or through interviews with building inspectors, building supply dealers and other contractors. This aspect of the study resulted in a comprehensive list of approximately 1,600 renovators which comprised the population for the renovators' survey. This list is available under separate cover.

The identification of the extent and nature of activities undertaken by categories D and E was a sub-objective of the household survey.

The renovators' survey was directed toward categories A, B and C.

1.5 Report Organization

The report is organized as follows:

Chapter 2 outlines the approach and methodology for the homeowners' survey and the renovators' survey.

Chapter 3 presents an overview of the structure of the renovation industry.

Chapter 4 presents the characteristics of current renovation activity.

Chapter 5 provides a discussion of the problems and potential of the renovation industry.

Chapter 6 presents the conclusions and recommendations for potential improvements.

Additional information is provided in the following appendices:

APPENDIX A - Household Survey Questionnaire
APPENDIX B - Household Survey Sample
APPENDIX C - Inventory Questionnaire
APPENDIX D - Renovators' Survey Questionnaire
APPENDIX E - Renovators' Survey Sample
APPENDIX F - Renovators' Survey Summary Frequency Table
APPENDIX G - Case Study Interview Guide

2.0 APPROACH AND METHODOLOGY

This chapter presents the detailed methodology for the surveys.

2.1 Household Survey Methodology

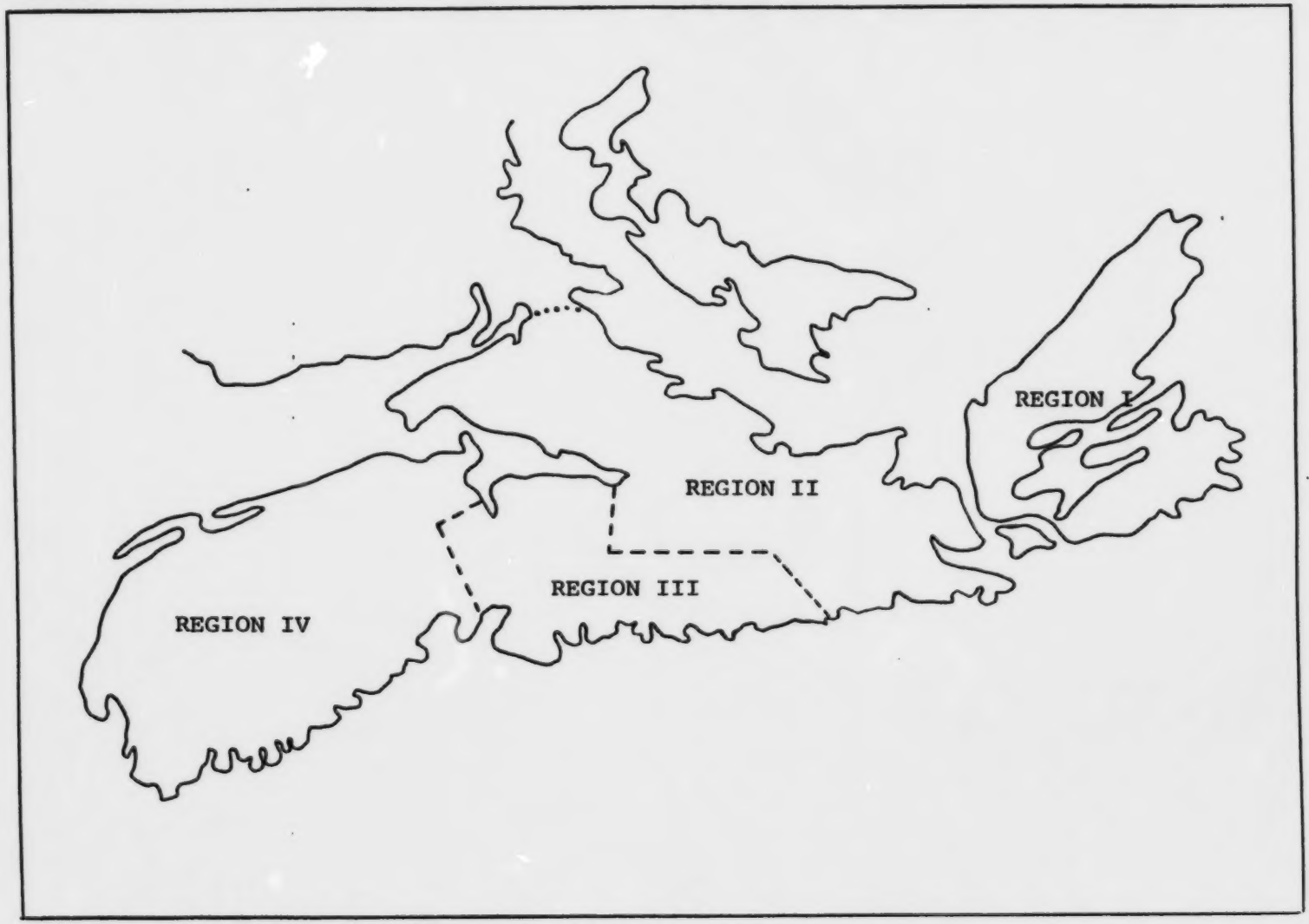
Stratification

The survey was directed to the heads of owner households. The province was divided into four housing regions defined by the Nova Scotia Department of Housing. These regions are illustrated at Figure 2-1 and correspond to the provincial counties as follows:

Region		County
I	Cape Breton	Cape Breton Inverness Richmond Victoria
II	Central	Antigonish Cumberland Colchester Guysborough Pictou
III	Metro	Halifax Hants
IV	Western	Annapolis Digby Kings Lunenburg Queens Shelburne Yarmouth

These regions were selected in order to maintain geographic compatibility with the organization of the renovators' inventory and to facilitate future planning and potential program implementation.

FIGURE 2-1: HOUSING REGIONS USED FOR HOUSEHOLD SURVEY



SOURCE: NOVA SCOTIA DEPARTMENT OF HOUSING

Instrument

The instrument developed for the survey consisted of a telephone delivered questionnaire (see Appendix A). This questionnaire was designed by DPA in consultation with the Steering Committee[1] and pre-tested prior to implementation of the survey.

Sampling Procedure

Random telephone numbers were generated by a computerized program which selected a representative sample on the basis of telephone exchange prefixes. The sample size by county is shown in Appendix B.

Implementation

The interviews were conducted during the months of January and February, 1986, from a centralized telephone interviewing location by qualified interviewers. Only the male or female head of household, who owned the home in which they resided, could qualify for the interview.

A total of 3,408 calls were placed. Due to the random dialing procedure, this resulted in 2,250 valid calls and 1,447 completed interviews. A 95% confidence level was reached on each of the geographic areas with a tolerance for error at -.70 to +2.5 percent on a total sample of 1,447. A breakdown of interview activity by region is shown below:

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1 Steering Committee consisted of participants from CMHC, NSDOH and NSHBA.

EXHIBIT 2-1: INTERVIEW ACTIVITY BY REGION

Region	Number of Calls Placed	Percent Renters	Percent Refusal	Percent No. Contact*	Total Completes #	Total Completes %
Cape Breton	682	10	6	40	301	44
Metro	1236	25	11	27	463	37
Western	845	11	5	39	386	45
Central	645	9	8	37	297	46
PROVINCE	3408	15	8	34	1447	43

*: No contact consisted of: no answer after three callbacks, disconnects and non-residential establishments.

The questionnaires were reviewed to ensure that all questions were properly completed. Editing for validity was performed at the time of data entry into SPSS (Statistical Package for Social Sciences) on IBM - PC. Frequency tables and cross-tabulated reports were produced for analysis and are available under separate cover.

Definitions

For the purposes of the survey and analysis, the following definitions were developed.

A renovation was defined as any form of improvement made to the dwelling or property that would increase the market value of the real estate and would remain at the time of sale.

Historical renovation information was based on renovations that took place in the 12 months prior to the interview. Homes that were less than a year old were considered as new homes and were excluded from the survey (i.e. not counted as a placed call).

Average expenditures for historic and future renovations were derived from detailed costs, where available. The midpoint in range values were used in some cases where detail was not available.

2.2 Household Survey Respondent Profile

Distribution

A profile of respondents is shown in Exhibit 2-2. In keeping with the geographic distribution of households in the province of Nova Scotia, a third of the interviews were conducted with residents in Region III: Halifax and Hants Counties. The Western Region being second largest, accounted for a quarter of the responses while the remaining 41 percent were equally divided between the Cape Breton and Central Regions.

Interviews were restricted to homeowners and excluded renters; 90 percent of the respondents owned single family dwellings. Owners of duplexes and other types of dwellings, primarily from the Metro Region, accounted for the remaining 10 percent.

Dwelling Age

The average dwelling age was 38.2 years; dwelling age ranged widely from less than one year to over 100 years. A higher proportion of newer dwellings could be found in the Metro Region while older dwellings were more concentrated in Western and Central Regions. Dwellings in the "mid-years" (i.e. between eleven and fifty years old) were in similar proportions in Cape Breton and Metro, slightly above the provincial proportion of 52 percent; on the other hand, mid-year dwellings in Western and Central were four to eight points below the provincial proportion. A detailed breakdown of dwelling age (Exhibit 2-3)

shows that the highest proportion of respondents lived in dwellings aged between 11 to 20 years, and 51 to 100 years old.

EXHIBIT 2-2: HOUSEHOLD SURVEY: RESPONDENT PROFILE BY REGION

Base:	Province (1447)	Cape Breton (301)	Metro (463)	Western (386)	Central (297)
DWELLING TYPE:	%	%	%	%	%
Single	90	92	84	94	91
Duplex	4	4	7	2	2
Other	6	4	9	4	7
AGE OF HOME:					
New <11	24	19	27	25	23
Midyears 11-50	52	58	57	44	48
Old >50	24	23	16	31	29
MARKET VALUE:					
<$40,000	30	43	11	31	43
$40,000-59,999	27	34	12	36	32
$60,000-79,999	21	18	28	21	15
$80,000-99,999	10	3	21	5	6
>$100,000	12	2	28	7	4

EXHIBIT 2-3: HOUSEHOLD SURVEY: AGE OF DWELLING - DETAILED BREAKDOWN

Age	Percent
< 1 year	2
1 to 5	9
6 to 10	13
"Newer Homes"	24
11 to 20	20
21 to 30	15
31 to 40	11
41 to 50	6
"Middle Aged"	52
51 to 100	19
100+	5
"Older Homes"	24
Average Age	38.2 years

BASE: 1447

EXHIBIT 2-4: HOUSEHOLD SURVEY: AVERAGE MARKET VALUE OF DWELLINGS (1986 dollars, estimated by owner)

Province:	$ 56,000
BY REGION:	
Cape Breton	$ 43,000
Metro	75,000
Western	50,000
Central	45,000
BY AGE OF DWELLING:	
New <11	$ 62,000
Midyear 11-50	55,000
Old >50	49,000
BY DWELLING TYPE:	
Single	$ 57,000
Other	44,000

Market Value

Respondents were asked to indicate their perceived market value of the dwelling. They value nearly a third of the homes at less than $40,000, mostly concentrated in the Cape Breton and Central regions. Homes with average market values greater than $60,000 predominate in Halifax/Hants.

A detailed breakdown of average market values is provided in Exhibit 2-4. The average market value for the sample is $56,000. Highest values ($75,000) were recorded in Halifax/Hants, significantly higher than the next closest region - Western, where the average market value is $50,000. Cape Breton and Central regions exhibit relatively similar values. New dwellings have the highest value ($62,000). The dwelling value by region as estimated by the owner compares favorably with the MLS values for the first quarter of 1987, as shown below:

Cape Breton	$43,169
Metro	$86,046
Western	$52,127
Central	$47,873

2.3 Renovators' Survey Methodology

This section presents the methodology for the survey of residential renovators.

Survey Instrument

The survey instrument consisted of a mail-out questionnaire. This instrument was developed in consultation with the project Steering Committee which consisted of industry and government representatives. The questionnaire included questions similar to

that used in other major surveys such as the Remodelers Survey conducted in the United States in 1984. The inclusion of these questions allowed comparison with studies in other parts of Canada and the United States. A copy of the questionnaire is provided in Appendix C.

Sampling Frame

For the purpose of developing a representative sample of renovators in Nova Scotia, a comprehensive sampling frame was compiled. An overall listing of renovators in the province did not previously exist.

Various information sources were consulted during the identification and compilation process. A master list of 2,894 firms potentially involved in renovation work was obtained through Maritime Tel & Tel, and 240 more companies were identified through other sources, including classified advertisements placed in Nova Scotia newspapers, building permits, discussions with building inspectors and Nova Scotia Department of Housing regional offices. One study[1] using this technique to identify renovators reports that approximately 75% of all renovator firms can be identified thorough this method.

The second phase in the development of the sampling frame involved refinement of the list. All 3,134 companies were contacted once by telephone and 1,500 callbacks were made during a different time slot (evening, etc.) when contact could not be made during the first attempt. An inventory questionnaire was used to obtain background information and mailing addresses (see

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1 The Demography of Residential Renovation Construction Firms in Selected Centres in Ontario and Western Canada: the Identification of Firms by Industry Sector and the Survey Techniques, D. Caskie for CMHC, 1985.

Appendix D). This process revealed that sixty-six companies were no longer in business, some firms no longer work in residential renovation, and contact could not be made with a few other small firms. In the end, this process identified 1,656 businesses which worked in residential renovation. These were included in the sampling frame.

The third phase of the sample selection involved drawing a sample from the sampling frame. This sample was stratified by geographic region and business size and type to ensure adequate representation in all counties of the province. A sample of 488 firms was selected, representing 29.5% of the sample frame.

Survey Implementation

Questionnaires were mailed out to all 488 firms. Telephone gathering of the questionnaire information was conducted by DPA staff members during the months of July, August and September, 1986. The owners or managers were contacted at their place of business and/or residence. Telephone calls were placed at all hours of the day, starting in the early morning until 9:00 p.m.. As expected, due to the summer construction season, the number of callbacks required to make contact was extremely high. In some cases where interest was indicated that a completed questionnaire would be possible, as many as five callbacks were made.

A response rate of 21 percent was achieved, that is, 100 completed questionnaires. Appendix E provides the number of completes as a percentage of the mail-out total and the universe total by business type. The results are somewhat disappointing in that many categories exhibit a nil response. In some cases, this low level of response is due to the fact that contractors indicated that they do not do renovation work, in spite of the

fact that they appeared on the universe list. In most cases, however, the low response rate was either due to being too busy, or lack of interest in replying to the questionnaire/interviewer. Due to the low response rate the results of this study are not statistically significant. In comparison with other major surveys, this response rate is around average and is 4 percentage points higher than the response rate in the "Remodelers Survey".

Appendix E also presents the number of completes as a percentage of the mail-out total and the universe for each county in the province. It is to be noted that Shelburne and Victoria Counties were completely unsuccessful with a zero response rate. The other responses vary from a low of 10% for Inverness County to a high of 50% for Guysborough and Queens Counties.

2.4 Case Studies of Selected Renovators

In order to obtain further elaboration of the renovators' survey results, a dozen renovators were selected for more in-depth discussions. These renovators were "hand-picked" (in consultation with the study Steering Committee) from the master list on the basis of providing insights into potential differences by geographic region, by sales volume, by number of staff and by line of business. The firms interviewed were located in the following counties: Richmond, Colchester, Cape Breton, Cumberland, Lunenburg, and Halifax.

The objective of the case study interviews was to obtain in-depth information related to possible means of alleviating problems and addressing the issues which were identified during the household and renovators' survey.

The case studies consisted of twelve in-person interviews conducted by DPA staff. Selected firms were contacted beforehand and an appropriate interview time arranged.

An interview guide was developed (Appendix G). Interviews were conducted in December 1986. The results of these interviews are incorporated throughout the text, but primarily in Chapter 6, The Conclusions.

3.0 THE NATURE OF THE RENOVATION INDUSTRY

This chapter presents an overview of the renovation industry as determined by the renovators' survey and the household survey.

3.1 Industry Structure

This section presents the structural characteristics of the renovation industry. The discussion primarily reflects the results of the homeowner and industry surveys. While the renovator categories defined in Chapter 1 were useful for the purposes of identifying and selecting the sample, the nature of the responses to the questionnaires did not permit the re-allocation of respondents into the aforementioned categories.

Ownership

Exhibit 3-1 graphically presents the ownership structure breakdown as determined by the renovators' survey. Approximately half of respondent firms were incorporated, 42% were sole proprietorships and 9% were partnerships.

These findings are comparable to a Toronto study[1] where 55% of the firms surveyed were sole proprietorships, however around 45% of respondents in that study also stated that their firm was a partnership - this finding varies substantially from the Nova Scotia study.

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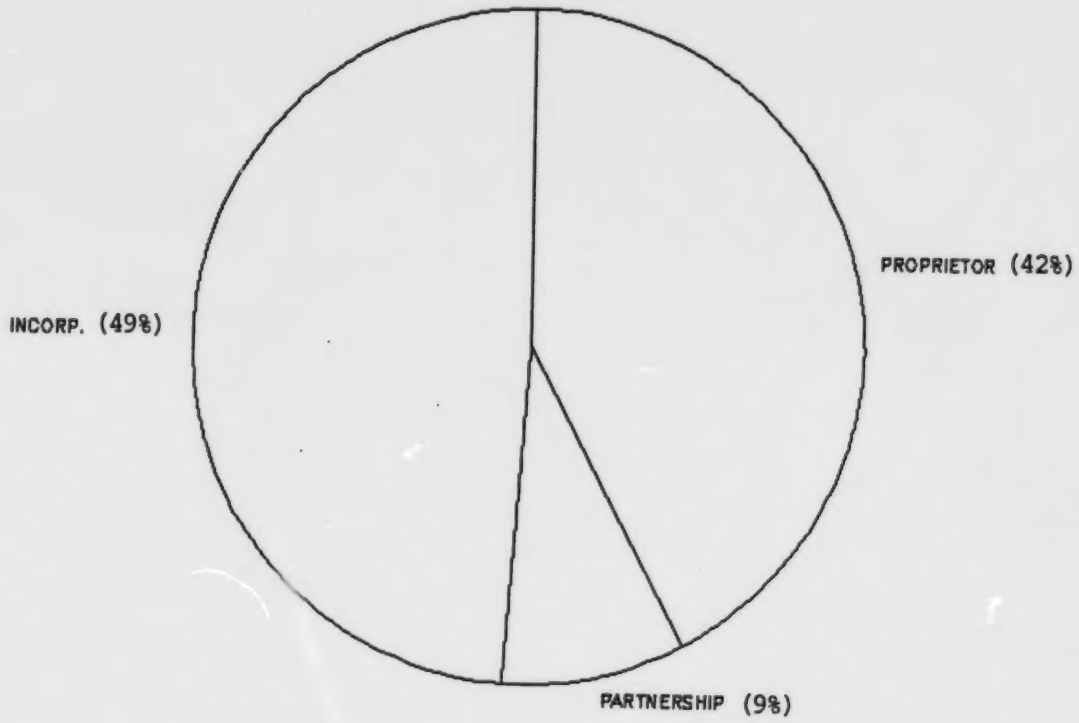
1 The Toronto Renovators; the Structure of the Industry and the Operation of its Firms, prepared by D. Caskie for CMHC, 1983.

EXHIBIT 3.1: OWNERSHIP STRUCTURE



Years in Business

On average, Nova Scotia renovation companies had been in business for 16 years and had been involved in residential renovation for 15 years. On average, the owners themselves had personally been involved in residential renovation for approximately 19 years. Exhibit 3-2 and Exhibit 3-3 presents a detailed breakdown of number of years in residential renovation work for firms and individuals respectively.

These findings are comparable to findings of the American remodelers survey. The most common number of years in business for respondents in that survey was six to ten; 31.6% indicated that they had been involved in remodeling for that period of time. Respondent firms in the American survey, however, tended to be slightly more experienced than the Nova Scotia sample, approximately 49% had been involved in residential renovation for over ten years, compared to 40% for the Nova Scotia firms.

The findings of the present study vary considerably from those of the renovation industry in Toronto. In that study, 66% of renovation firms responding to the survey had been in business for less than 5 years, compared to approximately 30% in the present study. Only 16% of the firms in the Toronto study had been in renovation work prior to 1976, the peak year for new construction.[2]

The differences between the Toronto sample and the Nova Scotia sample are of special interest. These differences may not be attributed to sample selection because the same types of

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[2] Ibid

EXHIBIT 3–2: YEARS IN RES.RENOVATION

PERCENTAGE DISTRIBUTION FOR FIRMS

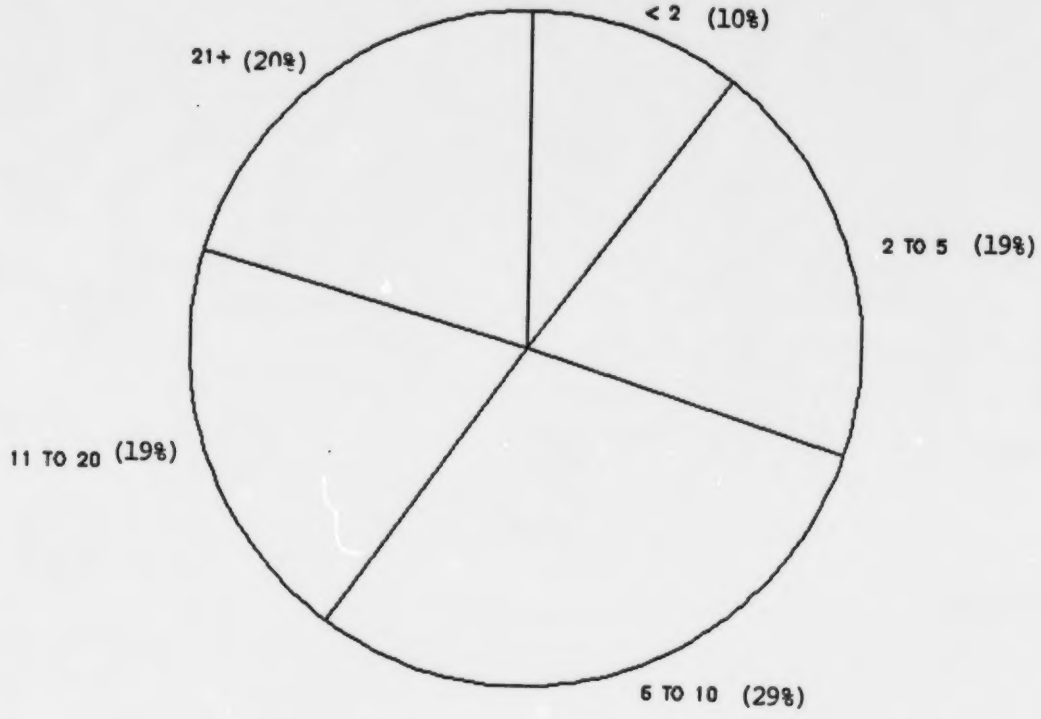
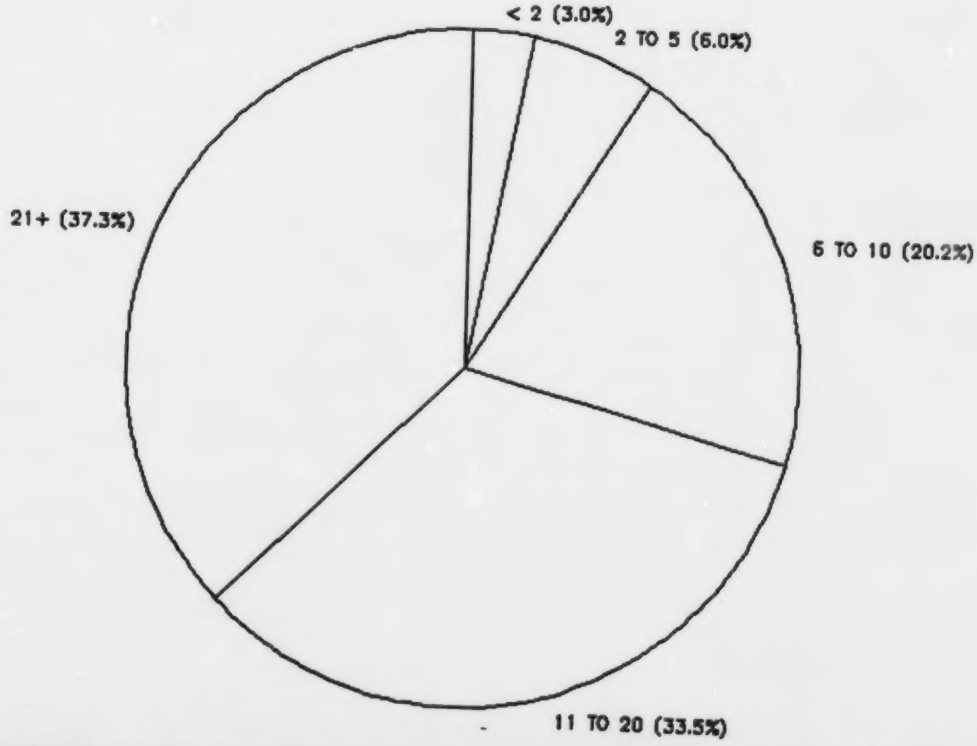


EXHIBIT 3-3: YEARS IN RESIDENTIAL RENOVATION
PERCENTAGE DISTRIBUTION FOR RESPONDENT OWNERS



techniques were used in each study. It is probable that Nova Scotia construction and related firms have been traditionally involved in residential renovation work along with their other business, although the portion of work in this area probably varied substantially by year. On the other hand, it is likely that new firms have been formed in Toronto to respond to market demand.

Reasons for Entering Residential Renovation Work

The main reasons cited for entering residential renovation work were to own one's own business (33%) and liking the work (26%). Only 11% cited good profit potential as their main reason. Approximately 13% and 11% cited family tradition and ease of entry into the market respectively as their main reason. It is interesting to note that over 60% of respondents in the Toronto study felt that the renovation market represented good potential for profit, this being one of their principle reasons for entering the field. Over 45% of respondents in that study cited ease of entry and liking the work as important considerations, and 37% cited a desire to own one's own business. These findings serve to partially confirm the hypothesis that the large increase in the number of renovation firms in Toronto was an opportunistic response to market conditions and demand (good profit potential and ease of entry). On the other hand, Nova Scotia renovators seem to be more concerned with job satisfaction and independence. (These are typical Maritime traits, given the subsistence and resource based economic heritage of the region).

As will be shown later in the report, there is generally a high level of satisfaction with renovation work in Nova Scotia. This is probably due to the fact that most Nova Scotia renovators have been involved in the business for a long period of time and are motivated by more than money. Indeed, the personal interviews

indicate that Nova Scotia renovators are very concerned with quality workmanship.

Size of Firms

The number of employees of respondent firms ranged from 0 to 39. The average number of employees per firm was 4.8. Approximately 20% of firms were one person operations. This may be compared to 8% of firms in the American study. Findings of the Toronto study are somewhat comparable to the Nova Scotia study. Approximately 70% of firms in each study had fewer than 6 permanent employees. Approximately half of respondents employed office staff and licensed tradesmen; 20% employed laborers, 32% employed unlicensed tradesmen and 27% employed apprentice tradesmen. On average, respondent firms employed 4.4 additional employees during their work peak.

The average number of employees per primary renovation firm (defined as firms with more than 50 percent of gross revenue accounted for by renovation activity) was 4.2, although this number ranged from 0 to 14. The average number of additional employees hired during peak periods was 4.2; approximately 21% did not employ any additional employees.

Qualifications and Work Background

Approximately 43% and 3% of the renovators sample considered themselves to be licensed tradesmen and apprentice tradesmen respectively. Around 39% claimed to be "professionals", however, it is likely that this classification was misunderstood. For example, one respondent classified himself as a professional because he was a "professional cabinet maker". The remainder of the sample stated that they had other qualifications. Approximately 36% of respondents currently practice another profession, however, no one occupation predominates. Respondents

living in counties outside of Halifax are most likely to practice other professions - 44% compared to 24% respectively. This may indicate that there is not a sufficient market demand to support full-time renovation businesses, especially in rural areas of Nova Scotia. It is likely that respondents in rural areas are employed in primary industries (fishing or farming) and use residential renovation for extra revenue.

Trades Required by Season

Carpentry was found to be the most significant required skill during the peak season. Approximately 32 percent of the total renovators sample indicated that they look for carpentry skills when hiring for the peak season. Around 14 percent and 10 percent of the total sample respectively indicated that they look for electricians and plumbers. Fifty-one percent stated that they look for other skills. These data are consistent with the CMHC Labour and Material Costs Study[3] which found that approximately 30 percent of labour requirements for residential renovation consist of carpentry skills, 19 percent for electricians, and 18 percent for plumbers. Other required skills include laborer, bricklayer, plasterer, cement finisher, roofer, tile layer, and painter.

The household survey confirms the above and shows that the most dominant trades are carpenters and "handymen" involved in approximately 48 percent of renovation activity. Over 80 percent of the work was done by full time qualified tradesmen (as perceived by the homeowner) who performed the work during normal working hours (See Exhibit 3-4). This finding is significantly different from that which was originally hypothesized and also different from the results of the Les Affaires - Som survey.

3 André E. Leroux & Associates Ltd., Bobrow/Fieldman Group Inc., Labour & Material Requirements for Residwentail Rehabiliation, Final Report, July 7, 1983.

The trades which fall into the full-time category are, in order, roofers, flooring installers, siding installers and landscapers. The highest proportion of part time trades appears to be painters and bricklayers. Paid friends, plumbers and painters are also most likely to work in the evening. Unqualified tradesmen, as perceived by the homeowner, are likely to be found working in plumbing and painting.

EXHIBIT 3-4: PROFILE OF RENOVATOR TRADES HIRED BY HOMEOWNERS (BASE: 369) (all figures expressed as percent)

		EMPLOYMENT		WORK PERIOD		QUALIFICATIONS		
	Distri-bution	Full	Part	Day	Evening	Fully	Partly	Not
Carpenter	22	78	22	77	23	87	12	1
Plumber	3	75	25	75	25	92	--	8
Bricklayer	3	64	36	82	18	100	--	--
Carpet/Floor	5	100	--	88	12	100	--	--
Landscaper	4	100	--	87	13	93	7	--
General Handyman	26	88	12	89	11	93	6	1
Electrician	5	85	15	83	17	95	5	--
Painter	8	63	37	72	28	79	14	7
Siding	5	95	5	95	5	100	--	--
Roofer	3	100	--	100	--	100	--	--
Pd.Friend	5	21	79	37	63	63	32	5
Others	11	84	16	95	5	82	18	--
TOTAL	100	80	20	82	17	90	8	2

Work Ties with Other Renovation/Construction Industry Participants

Renovators were more likely to work with general contractors than any other type of tradespersons. As shown in Exhibit 3-5, approximately 53% of the renovator sample usually or always

worked with general contractors and 46% usually or always worked with sub-contractors. Frequency of work with subcontractors is somewhat lower than that found in the Remodelers Survey where 66% of respondents stated that they usually or always worked with subcontractors. Around 73% of the Nova Scotia sample stated that they never/seldom worked with other tradespersons. Approximately 75% claimed they never/seldom worked with architects. This may be compared to approximately 66% of the American sample.

3.2 Performance and Operating Characteristics

Revenue

Gross total revenue (new construction and renovation) for 1985 for the renovators sample ranged from $500 to $7,000,000. The mean was $727,449 and the standard deviation $1,273,619, indicating little uniformity in average gross total revenue. Gross residential renovation revenue for the overall sample ranged from $500 to $4,000,000. The total gross renovation revenue for all firms which provided this information (81% of total sample) was approximately 20 million dollars. Single person firms' revenue accounted for 1.6% of this total.

Exhibit 3-6 presents a percentage distribution for residential renovation revenue. In comparison with the Toronto study, gross annual sales for residential renovation in Nova Scotia are low. For example, 13% of Nova Scotia respondent firms had gross annual sales of over $500,000. This may be compared to over 45% of Toronto firms. As well, approximately 60% of Nova Scotia firms had sales of $100,000 or less (1985 dollars) compared to only 13% of Toronto firms (1981 dollars). In comparison with the American sample, Nova Scotia firms' revenues were also lower. Approximately 48% of respondents in the American study had revenues of over $500,000; only 13.1% had revenues of less than $100,000 (1984 dollars).

EXHIBIT 3–5: FREQUENCY OF WORK

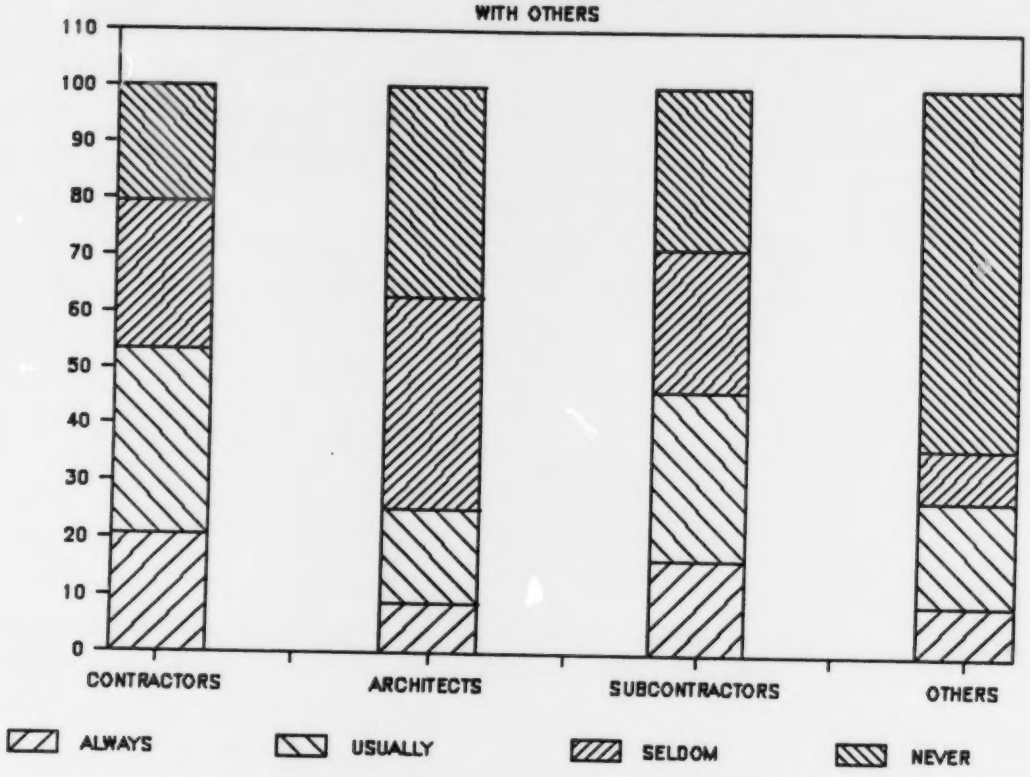
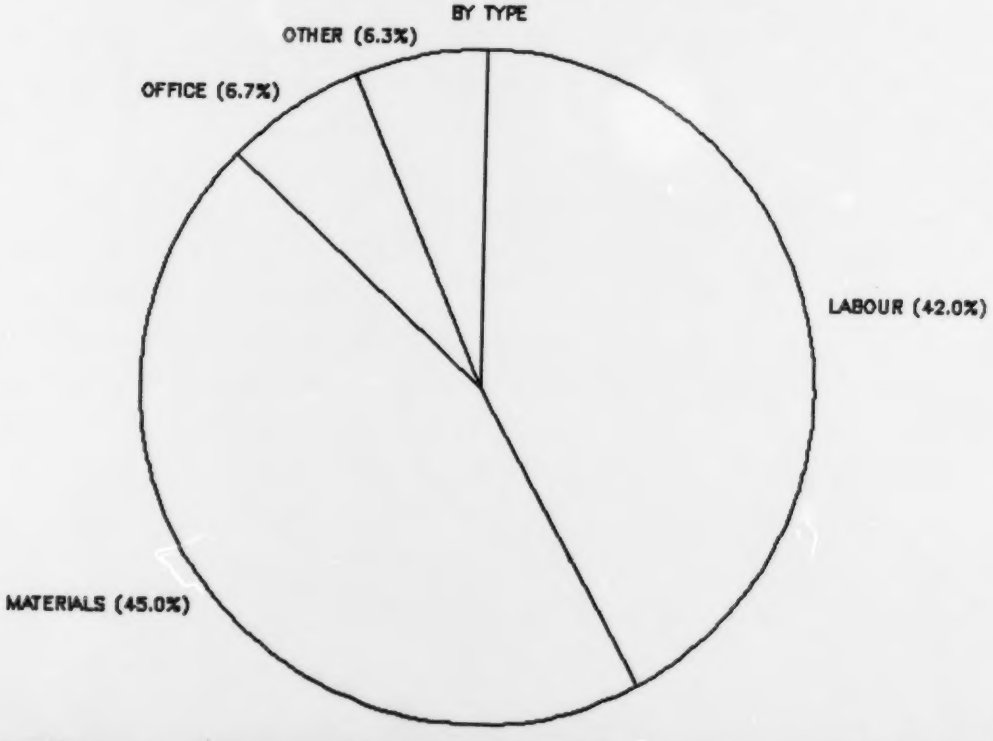


EXHIBIT 3–6: DISTRIBUTION OF EXPENSES



These differences may be attributed partially to the size of firms in Nova Scotia. For example, 71% of one-person firms have revenues of less than $25,000. For firms of 10 persons or more, 47% have revenues of over $500,000. It is more likely, however, that the differences between the Toronto and Nova Scotia sample stem from differences in market opportunities and dollar value for work.

Expenses

On average, labour costs accounted for 42% of total job value, materials accounted for 45%, while office overhead and other expenses accounted for 6.7% and 1.2% respectively. Exhibit 3-7 presents a detailed percentage breakdown of expenses by type for the renovators sample. It is likely, however, that this question was misunderstood by some respondents. For example, a few firms claimed that labour costs accounted for 100% of their total revenue. This is only possible for small firms who supply only labour to a general contractor, or a firm which requires the client to purchase material "up front".

These data compare favorably with the Toronto study which found that labour accounted for 49% and materials accounted for 51% of costs.

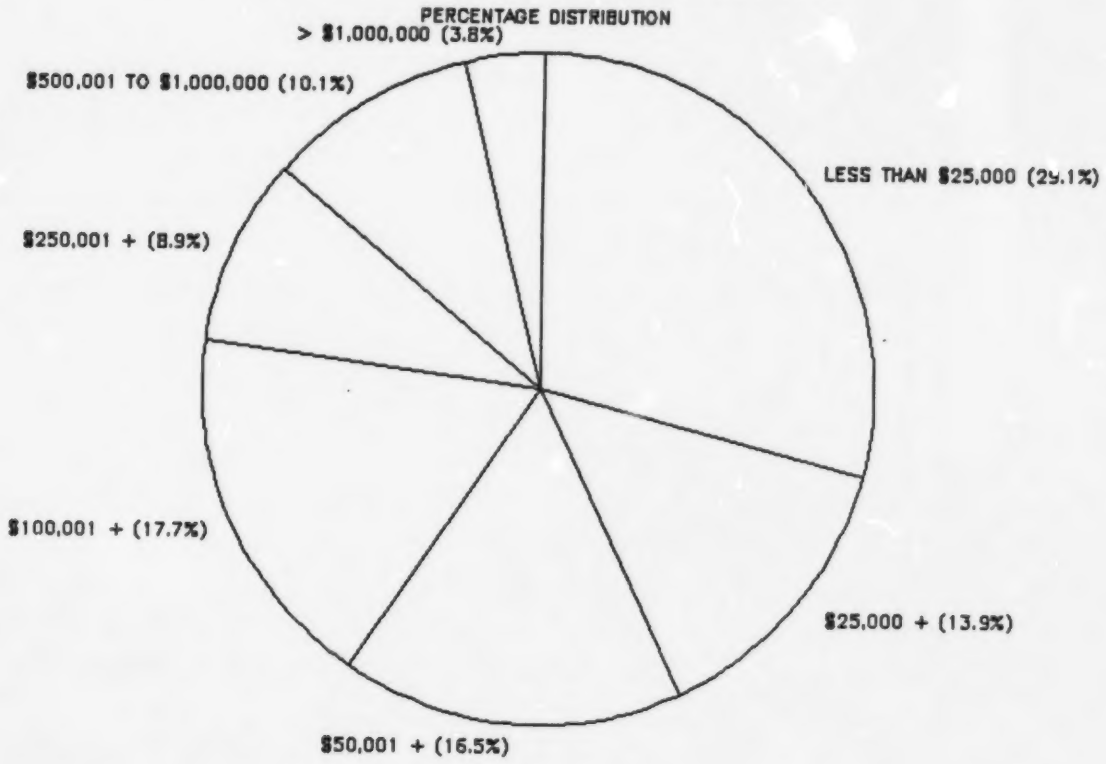
The CMHC Labour and Material Costs Study[4] found that 50% of rehabilitation expenditures were spent on labour costs, approximately 32% was spent on materials and 18% on overhead.

Supplies and Payment

The most popular suppliers for the renovators sample were wholesale dealers/distributors and building supply dealers; 65%

4 Ibid, p.25

EXHIBIT 3–7: RES. RENOVATION REVENUE



and 50% of the sample respectively claimed they purchased materials through these suppliers. This was also the case in the American survey; 81% and 78% of the sample respectively used these suppliers. Approximately 40% of respondents also purchased materials direct from the manufacturer. Only 9% and 14% respectively obtained materials from homeowners and sub-contractors/installers. A key difference between these findings and the American study is that 56% of the American sample obtained materials from subcontractors/installers.

Most firms (68%) in this study paid for supplies through their building supplies account. Around 30% paid with cash and 24% obtained credit for supplies from a financial institution. Only 9% paid for supplies with credit cards and 10% used another means of payment.

Contracts

Approximately 56% of respondents stated that their firm uses a written contract with the client when performing renovation work. Most (86%) of those that use contracts include a written guarantee for the work performed. Approximately 65% felt that a standard industry contract should be available for residential renovation work. Nearly 82% stated that, if a standard contract were available, it should include a written work guarantee. Generally, respondents indicated a willingness to use such a contract if available; 43% and 40% respectively stated that they would be "very likely" or "somewhat likely" to use a standard contract.

Association Membership

Approximately 26% of the sample were members of a construction/ renovation association. When questioned on whether an

association strictly for the renovation industry would benefit their firm, 35% said yes, 36% were unsure and 28% said no.

3.3 Extent of Self-Help

Approximately one-third of household survey respondents replied to the question on proportion of expenditure on materials. (It is probable that the other two-thirds could not estimate the breakdown.) For those responding, a high percentage (66 percent) do not pay for labour for renovation work. Generally, these were owners of homes valued at less than $60,000 located in the Western, Metro and Cape Breton Regions. (See Exhibit 3-8). This can be considered to represent the amount of self-help or "free" labour renovation activity of the sample. The average expenditure on renovation by this group is $1,774. As a function of total renovation value, approximately 42 percent of total activity represented by respondents to this question is done without any form of industry participation.

Those spending 66 percent and less on materials can generally be considered to have undertaken activity which closely parallels the average material/labour cost share. Respondents in the 67-99 percent expenditure on materials category have obviously done some work themselves, particularly those at the higher end of this range.

In summary, a reasonable "guesstimate" is probably that about 50 percent of the "value" of labour is actually free because it is self help.

EXHIBIT 3-8: HOUSEHOLD SURVEY: PROPORTION OF EXPENDITURE ACCOUNTED FOR BY PURCHASE OF MATERIALS (PERCENTAGE OF RESPONDENTS)

	1-33%	34-66%	67-99%	100%
BASE:	(14)	(85)	(62)	(322)
DWELLING TYPE:				
Single	2	19	12	66
Other	7	7	16	70
REGION:				
Cape Breton	5	18	9	68
Metro	3	17	12	66
Western	2	15	13	70
Central	1	21	20	58
Province	3	17	13	66
MARKET VALUE:				
<$40,000	3	13	9	74
$40,000-59,999	3	12	11	75
$60,000-79,999	2	20	14	65
$80,000-99,999	2	25	16	56
$100,000 +	6	26	19	47
Average Expenditure on Renovations	$6608	$4280	$5291	$1774

This estimate is somewhat confirmed by the fact that when the question regarding "self-help" was phrased directly, (see Exhibit 3-9) 53 percent of respondents indicated that they do all of their own work. Owners with dwellings valued in the $40,000 to $60,000 range, those in the Metro and Western Regions and owners of duplexes and mobiles did a higher than average proportion of the labour themselves.

Only a quarter of the respondents did not do any of the labour themselves. There were two basic types of homeowners in this classification: those with dwellings valued either less than $40,000 or more than $100,000, and those in Central Region.

EXHIBIT 3-9: HOUSEHOLD SURVEY: PROPORTION OF WORK DONE BY HOMEOWNER (PERCENTAGE OF RESPONDENTS)

	None	Some	All
Base:	(157)	(134)	(325)
DWELLING TYPE:			
Single	26	22	52
Other	22	17	61
REGION:			
Cape Breton	29	21	50
Metro	24	22	55
Western	23	22	55
Central	30	22	48
Province	25	21	53
MARKET VALUE:			
<$40,000	30	16	54
$40,000-59,999	22	18	60
$60,000-79,999	21	24	55
$80,000-99,999	27	26	47
$100,000 +	32	31	37

3.4 Summary of Findings

The Nova Scotia residential renovation industry is highly fragmented. Most firms are sole proprietorships or incorporated firms - 42% and 50% respectively. Nova Scotia firms tend to be small, averaging around 4 employees. Around 20% are one-person operations. Approximately half of renovators do not maintain an office. On average, renovation firms have been in business for fifteen years. Projects are usually confined to the firm's own town or city. Approximately 36% of respondents indicated that they practice another profession.

Work backgrounds of renovators in Nova Scotia vary widely; 32% of respondents had previously worked in professional or business

fields and only 26% had worked in areas directly related to renovation work. Most renovators entered the field because they wanted to be their own boss or because they liked the work.

Renovator's revenues ranged from $500 to $4,000,000. Most one person firms made less than $25,000. Labour charges account for approximately 42% of revenues. Materials and overhead charges account for 45% and 7% respectively.

Fifty six percent of renovators use contracts, most of these having written guarantees. Over half of surveyed renovators felt that a standard industry contract should be available for residential renovation, and 83% of renovators would use it if it was made available.

Most firms (approximately 74%) do not belong to a construction/renovation association.

Most renovators obtain their supplies from a wholesaler/ distributor or building supply dealer and pay for them with cash or on an account basis.

The household survey results regarding the type of contractor hired to undertake renovation work were somewhat contradictory. A recent survey in Quebec determined that a substantial amount (50 to 75 percent) of renovation work is carried out by renovators working outside the traditional economy. However, on the one hand the Nova Scotia household survey shows that approximately 80% of renovation jobs are done by full time qualified tradesmen during normal working hours. Only 2% of activity is accounted for by "unqualified" renovators. (This situation should be viewed with caution as the qualification of the renovator was interpreted by the respondent and there is potential for error in judgement). On the other hand, questions on material share of expenditure and proportion of work done by homeowner indicates

that perhaps 50 percent of renovation value is done as self-help or "free" labour.

Reconciling these differences is difficult within the data limitations of the survey. However, it is to be noted that one is measured on the basis of activity, while the other is measured as a function of estimated value. As well, errors are bound to be created by the respondent interpretation of renovators' qualifications.

4.0 THE NATURE OF RENOVATION ACTIVITY

4.1 Value and Volume of Work

Geographic Distribution of Activity

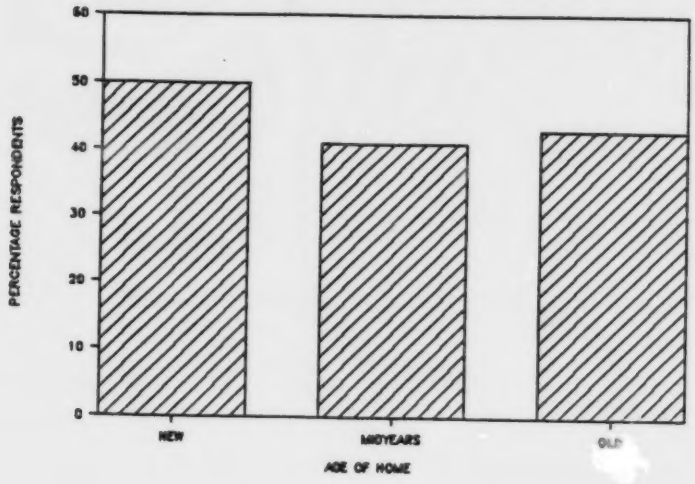
Based upon the findings of the household survey, the extent of residential renovation activity in Nova Scotia is considerable. During the twelve months preceding the survey, 44 percent of the respondents undertook renovations to their dwelling and/or property. The highest incidence of response indicates that renovation activity is concentrated among owners of newer homes, those with a higher market value and those living in the Metro Region. Those least active were from the Central Region, and owners of homes in the $40,000 to $60,000 range (see Exhibit 4-1).

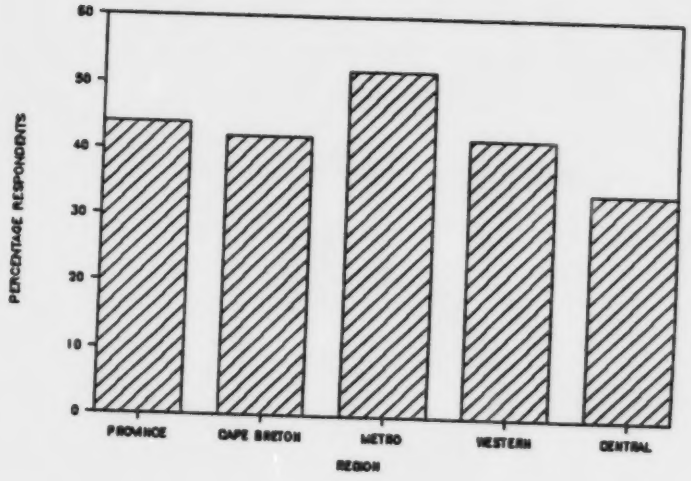
These findings can be considered to be generally indicative of a high proportion of renovation activity in the province. The renovators' survey showed that 73% of renovators' residential work was conducted for homeowners. (See Exhibit 4-2).

Expenditures by Region, Age and Value of Dwelling

The average household expenditure on a renovation was $3,300. This figure, calculated for discussion purposes, should be considered with extreme caution as it represents the average of the total expenditures made by the 1447 households interviewed - there is a very wide range in the expenditure by individual household. Higher than average expenditure renovations were undertaken on older dwellings, those in the Cape Breton region and dwellings valued over $100,000 (see Exhibit 4-3).

EXHIBIT 4–1: RENOVATIONS IN 1985





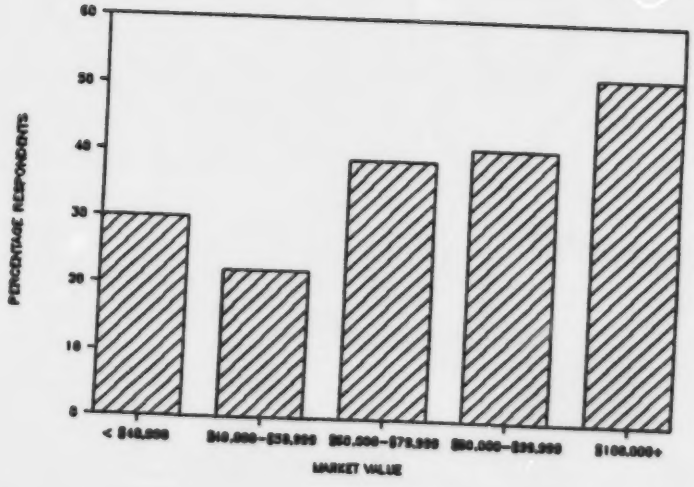


EXHIBIT 4–2: CLIENTS

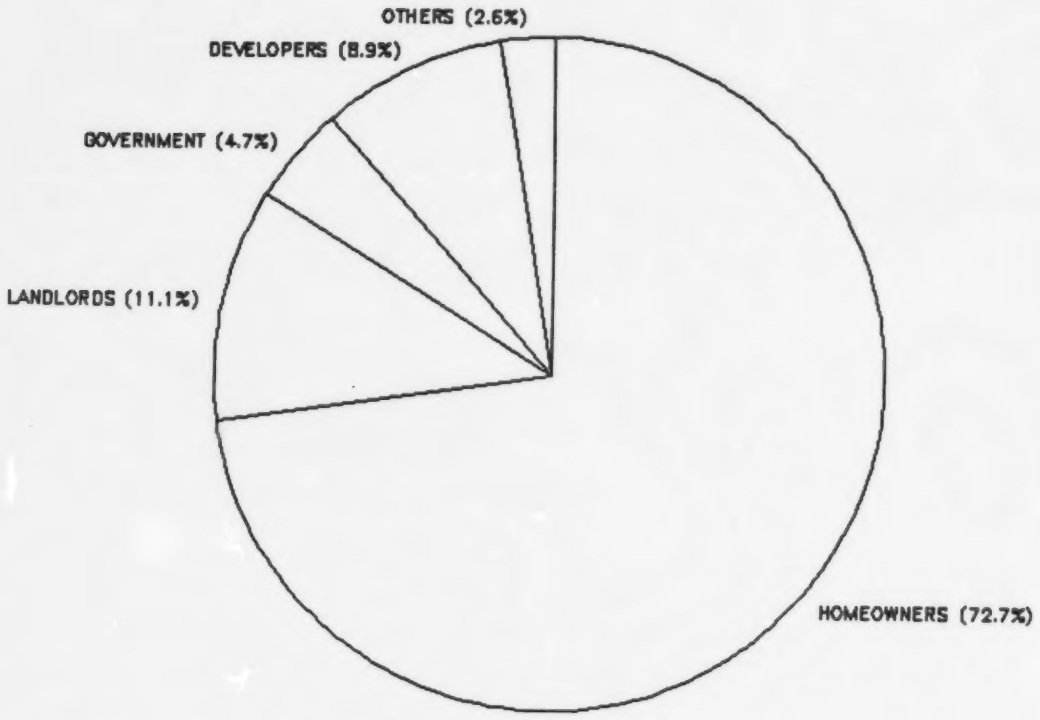
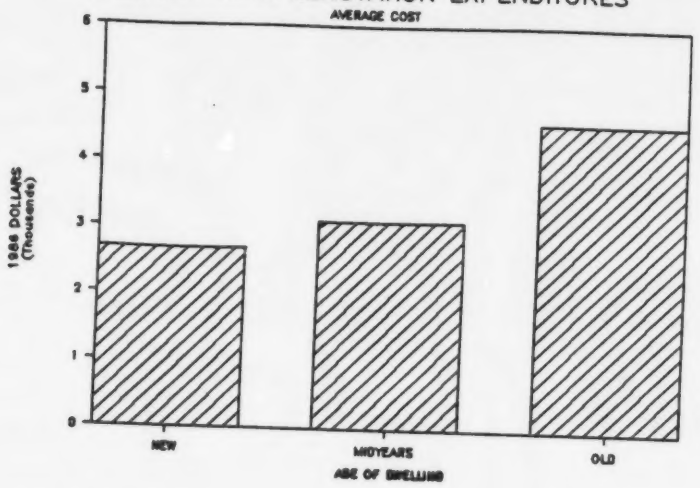
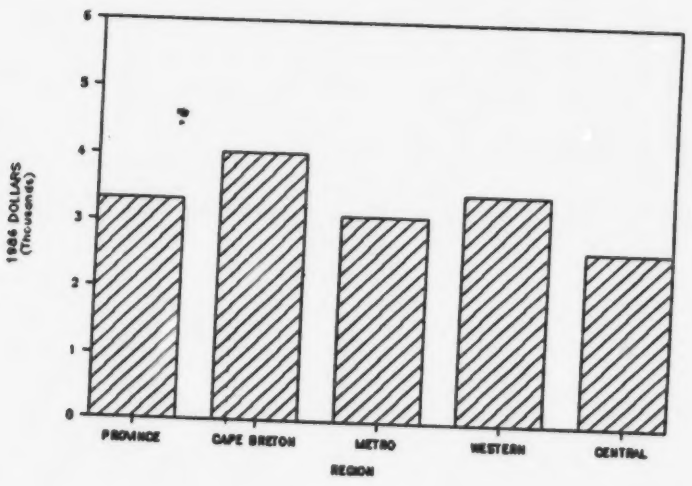
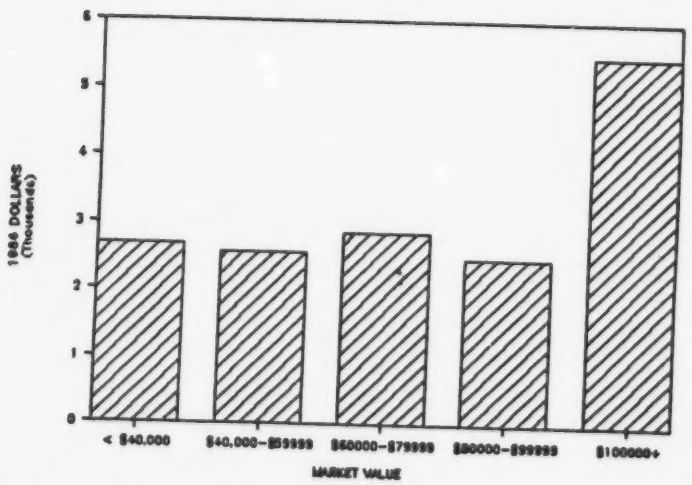


EXHIBIT 4–3: RENOVATION EXPENDITURES







It is not immediately obvious why average renovation expenditures would be higher in Cape Breton. However, Cape Breton Region has a higher than average proportion of grants and a higher incidence of work by contract compared to other regions which may account for the higher cost per renovation.

While Metro Region had a high level of renovation activity (52% of respondents), the average expenditure for renovations was lower than the provincial average. This was due to the high proportion of householders engaged in renovations of a minor nature, primarily interior painting and wallpapering.

Seasonality of Work

On average, the busiest time of year for renovators was summer, 32% of annual work was conducted during this season. The next busiest time of year was fall with, on average, 28% of work being done. Winter was the idle time of year for renovators, with approximately 16% of work being conducted then. This was followed by spring with 23% of annual work. Exhibit 4-4 presents a percentage distribution for seasonality of work.

Location of Work

On average, 72% of renovators' work was conducted in their own town or city, 22% was conducted in the rest of their county, 6% took place in other areas. Location of work differed somewhat by area. For example, 89% of Halifax County renovators' work was conducted in their own city. This may be compared to only 61% of firms in other counties, suggesting firms in less urbanized areas must travel further afield to maintain employment. In comparison with the Remodelers Survey, around 78% of respondents in that study conduct all of their business in one state, 12.6% in two states, 9.5% in three or more states. Exhibit 4-5 presents a percentage distribution for location of work.

EXHIBIT 4–4: SEASONALITY OF WORK

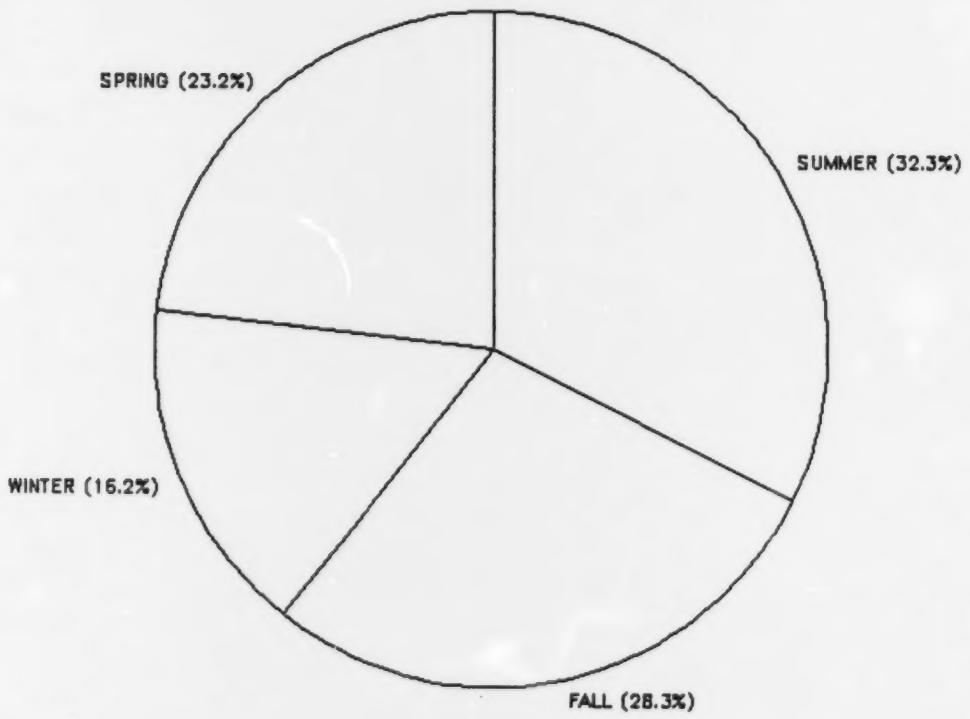
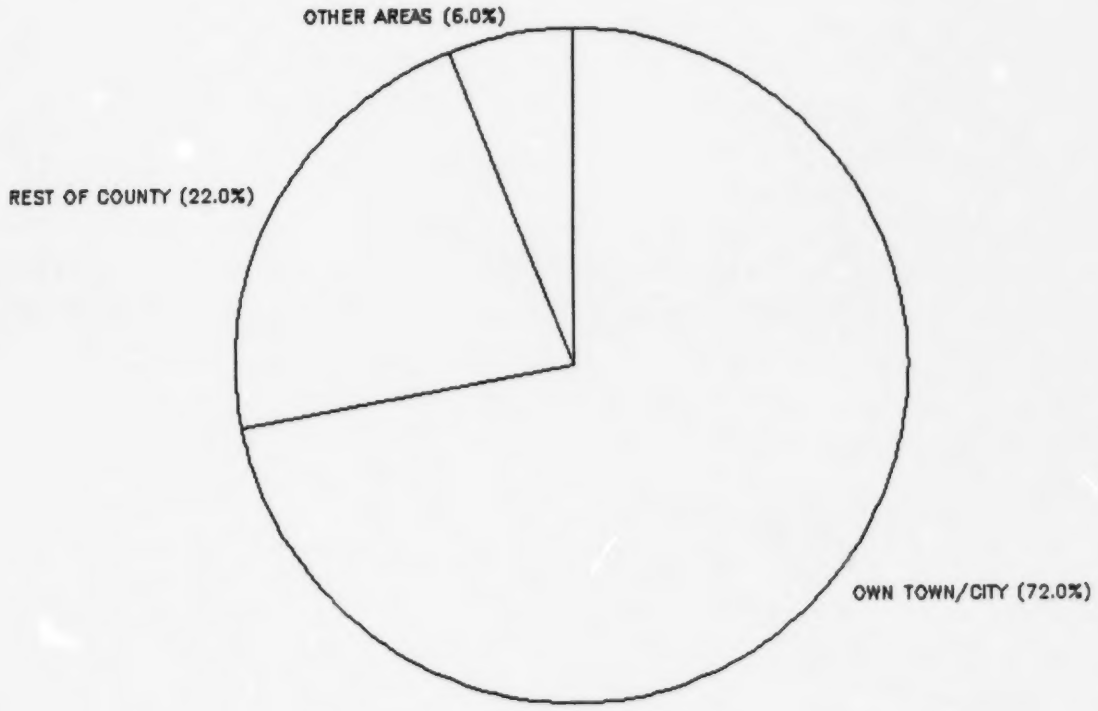


EXHIBIT 4–5: LOCATION OF WORK



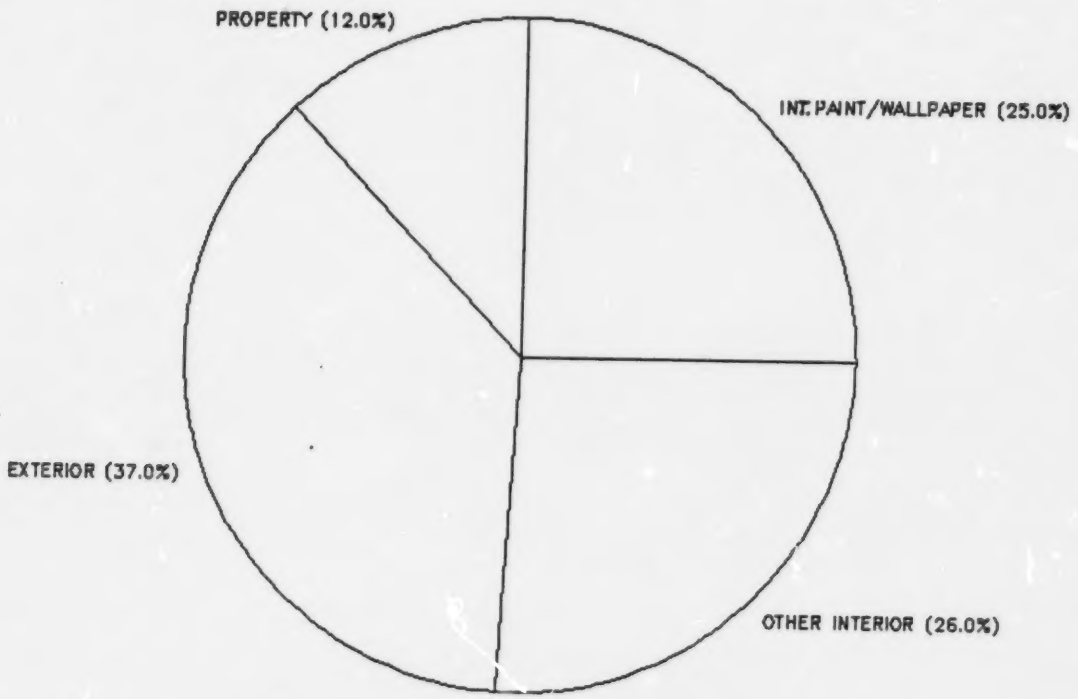
4.2 Types of Improvements Undertaken by Households

For the purposes of the household survey, renovations were divided into four categories: interior painting and wallpapering, other interior improvements, exterior improvements, and property improvements. The major proportion (88 percent) of improvements were concentrated on the dwelling while the remaining 12 percent was allocated for property improvements.

The highest proportion of activity is for exterior renovations which also has the highest average expenditure of $5,506 (see Exhibit 4-6).

Interior painting and wallpapering represented 25 percent of all improvements at an average expenditure of $2,940; the lowest of all renovation categories. The highest incidence of response in this category was recorded in the Metro Region, among the more expensive middle-aged dwellings (see Exhibit 4-7). As illustrated in Figure 4.1, owners with dwellings in the 6-10 year range and in the 26-30 year range engaged in this activity more so than others.

EXHIBIT 4-6:IMPROVEMENTS BY TYPE



Average Expenditure

Interior Paint/Wallpaper	$2,940
Other Interior	$5,492
Exterior	$5,506
Property	$4,373

Figure 4-1

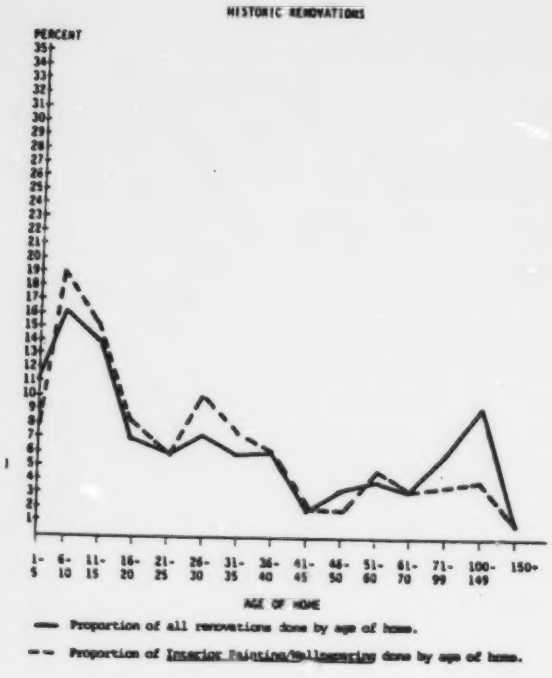

HISTORIC RENOVATIONS
PERCENT
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of Interior Painting/Wallpapering done by age of home.

Figure 4-2

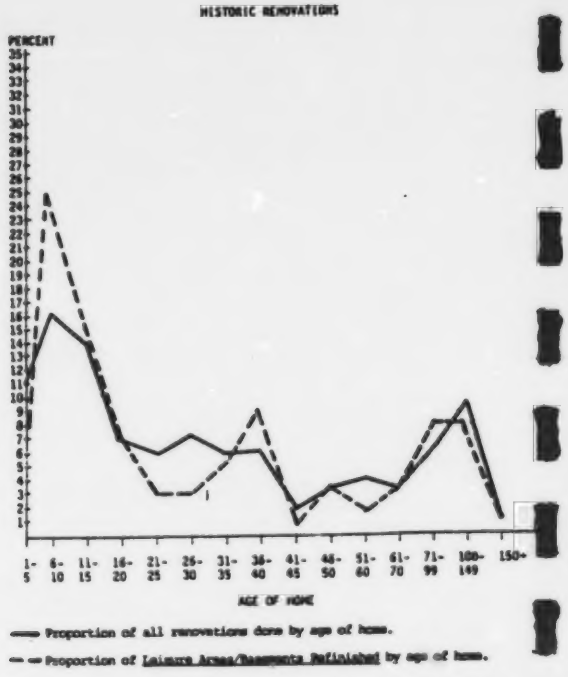

HISTORIC RENOVATIONS
PERCENT
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of Leisure Areas/Basements Refinished by age of home.

Figure 4-3

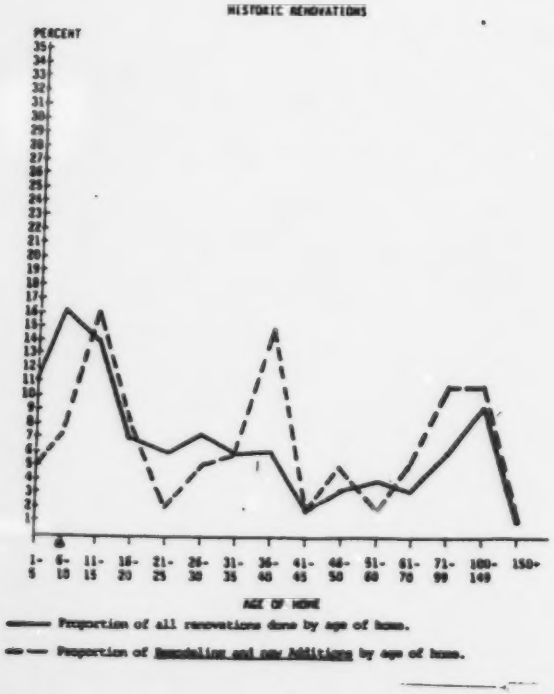

HISTORIC RENOVATIONS
PERCENT
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of Remodeling and new Additions by age of home.

Figure 4-4

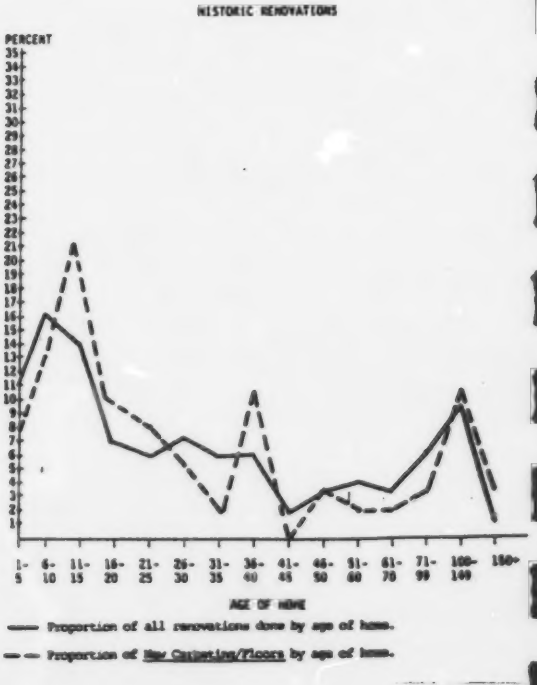

HISTORIC RENOVATIONS
PERCENT
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of New Carpeting/Floors by age of home.

EXHIBIT 4-7: RENOVATIONS BY TYPE (PERCENT OF RESPONDENTS)

Base	Paint/ Paper (262)	Interior (280)	Exterior (388)	Property (133)
AGE OF HOME:				
New	25	24	24	27
Midyears	27	27	38	8
Old	19	27	48	7
REGION:				
Cape Breton	23	27	38	12
Metro	28	24	35	13
Western	25	26	36	13
Central	18	31	40	11
MARKET VALUE:				
<$40,000	23	29	41	7
$40,000-59,999	25	24	37	14
$60,000-79,999	25	28	33	14
$80,000-99,999	29	26	31	14
$100,000+	23	25	35	17

Other interior improvements which consisted primarily of refinishing or adding rooms (basement, bathroom or kitchen), and re-carpeting floors (see Exhibit 4-8) accounted for 26 percent of all improvements made. The average expenditure for interior renovations was $5,492, slightly less than for exterior renovations.

EXHIBIT 4-8: HOUSEHOLD SURVEY DETAILED BREAKDOWN OF RENOVATIONS BY TYPE (PERCENTAGE OF RESPONDENTS)

Interior Paint & Wallpaper Base: (280)	
Basement	13
Bathroom	13
Kitchen/cabinets	10
Carpeting	13
Flooring	9
Furnace	6
Plumbing	3
Room Add/remodel	21
Ceiling	3
Wood Stove	3
Family/Rec Room	2
Panelling	6
Total Interior	100%

Exterior Base: (359)	
Patio/deck	15
Exterior painting	9
Siding	13
Roof/Shingles	12
Insulation	13
Windows/Doors	17
Porch/Veranda	8
Garage	3
Walls	3
Foundation	3
Wiring	4
Total Exterior	100%

Property Base: (158)	
Swimming Pool	3
Paving/Driveway	6
Stairs/Walkway	9
Landscaping	54
Well Drilling	2
Waste Disposal	3
Chimney/Flue	9
Fencing	6
Storage Shed	8
Total Property	100%

The age of dwelling played a significant role in the type of interior improvement made. For example, owners of dwellings in the 6 to 10 year range were more likely to complete a recreation room and/or finish a basement. Re-carpeting tended to take place at 11 to 15 years; while renovations to bathrooms and kitchens were more likely to take place at the 36 to 40 year range and

among owners with dwellings over 70 years old. (Figures 4.2 to 4.4).

Exterior Improvements accounted for more than a third of all improvements. Cape Breton and Central Regions, older dwellings and those of low market value had a higher proportion of exterior improvements compared to other categories.

The exterior improvements consisted primarily of decks/patios/ verandas, siding, insulation and roofing (Exhibit 4-8). The average cost for exterior improvements was $5,506, slightly higher than other interior improvements and well above the overall average. Figure 4.5 shows that exterior renovations tend to be undertaken on a fifteen year cycle which closely approximates the average useful life of many exterior materials, such as siding, roofing, etc.

Property Improvements, which tended to be twice as expensive as redecorating, averaged $4,373. The same type of homeowner which engaged in redecorating a newer, more expensive dwelling in an urban area, was also inclined to undertake property improvements, primarily landscaping. As shown in Figure 4.6, most landscaping activity is undertaken for dwellings less than 10 years old. This represents the site work and lawn preparation necessary for new dwellings.

4.3 Renovator Work Activity by Type

As shown in Exhibit 4-9, on average, just under half of renovators' gross revenue was accounted for by residential renovation activity. Approximately 23% of their gross revenue was accounted for by residential new construction and 25% was accounted for by commercial renovation and/or construction.

EXHIBIT 4–9: AVERAGE BREAKDOWN OF WORK

BASED ON GROSS REVENUE

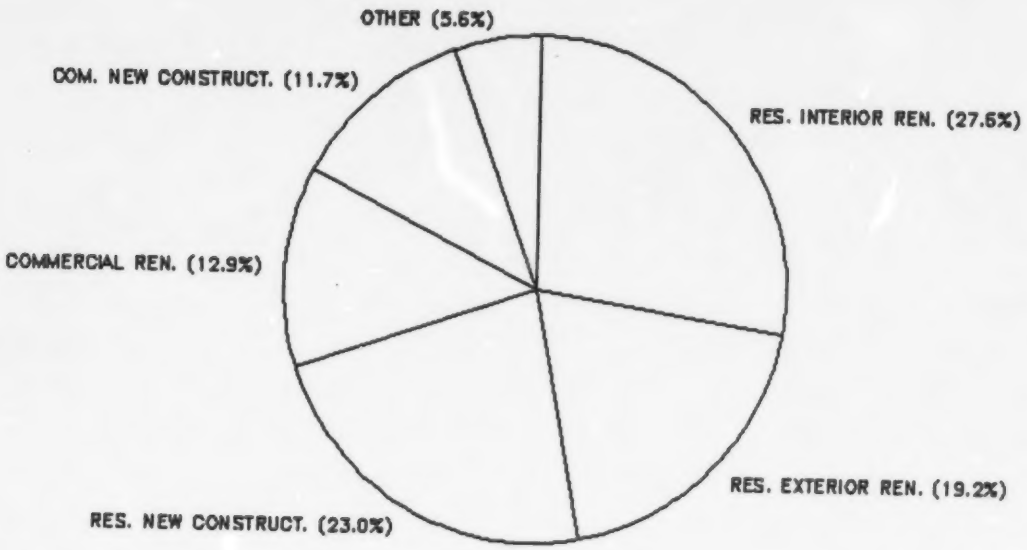


FIGURE 4-5:

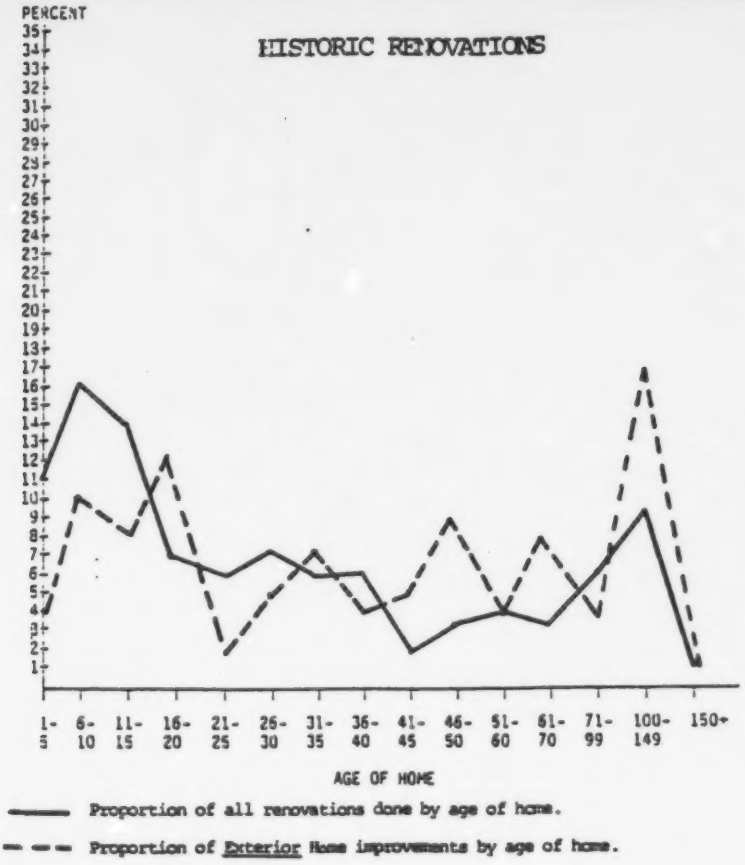
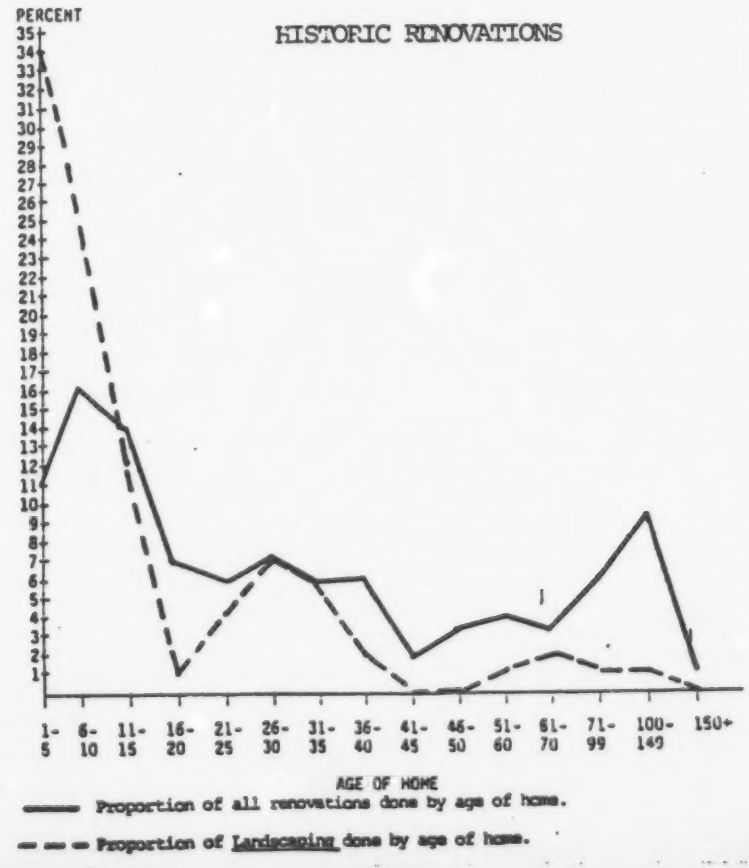

PERCENT
HISTORIC RENOVATIONS
1- 6- 11- 16- 21- 26- 31- 36- 41- 46- 51- 61- 71- 100- 150+
5 10 15 20 25 30 35 40 45 50 60 70 99 149
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of Exterior Home improvements by age of home.

FIGURE 4-6:


PERCENT
HISTORIC RENOVATIONS
1- 6- 11- 16- 21- 26- 31- 36- 41- 46- 51- 61- 71- 100- 150+
5 10 15 20 25 30 35 40 45 50 60 70 99 149
AGE OF HOME
Proportion of all renovations done by age of home.
Proportion of Landscaping done by age of home.

Some differences were found by geographic area in the province. Exterior renovation work accounted for 14 percent of overall revenue in Halifax county as compared to 23 percent for other counties. As well, in Halifax, new residential construction accounted for 31 percent of overall revenue compared to 17 percent in other counties.

Of the total sample, 22 percent of renovators do not work in residential interior renovation, and similarly, 37 percent do not work in residential exterior renovation. Five percent of renovators indicated that they had previously been involved in residential renovation work but were currently unable to secure work of this type, or become discouraged with the lack of profit.

Approximately 38 percent of the sample indicated that over half of their gross revenue was accounted for by residential renovation work. Of the overall sample, 16 percent stated that over half of their gross revenue was accounted for exclusively by residential interior renovation, while 11 percent made over half of their gross revenue in residential exterior renovation.

Only 38 percent of renovators obtain over half of gross revenues from residential renovation work. Indeed, for 32 percent of renovators, residential renovation accounts for less than one-quarter of gross revenues.

These data indicate that the residential renovation industry is likely to be a secondary line of work for most firms. A 1984 American survey conducted for Remodeling Magazine found that work in the residential field in United States is a much more significant portion of overall work for most firms, than it is in Nova Scotia. The American study found that approximately 36% of the survey respondents listed interior residential remodeling as

their main occupation while around 24% specified exterior residential remodeling.

4.4 Influence of Funding Assistance Availability

Overall, 9 percent of household survey respondents indicated that funding assistance was used in renovation work. A higher proportion of funding assistance was used by homeowners in Cape Breton Region, owners of older dwellings and those with market values of less than $40,000 (see Exhibit 4-10).

Federal/provincial program commitments in 1985 totalled $19.7 million in Nova Scotia for 5,987 units assisted; or approximately $3,290 per unit. (It is purely coincidental that this figure is close to the average renovation expenditure). This level of assistance represents approximately 2 to 3 percent of provincial households. Thus, the survey results generally indicate that funding assistance is contributing to the generation of renovation work in the geographical regions and for the type and age of dwelling that are most likely to exhibit housing condition problems.

Approximately 45% of renovators had been involved in work that was subsidized by government assistance program grants. Of these, the subsidized work accounted for 25% or less of the residential work for most of these firms (69%). Subsidized work accounted for 26-50% of work for 20% of firms, while accounting for over 50% for only 11% of these firms. It is interesting to note that 15% of the overall sample were unsure of whether or not their firm had conducted residential renovation work which was subsidized by grants. A study conducted in New Brunswick also found that many contractors are unaware of their clients' source of funds[1].

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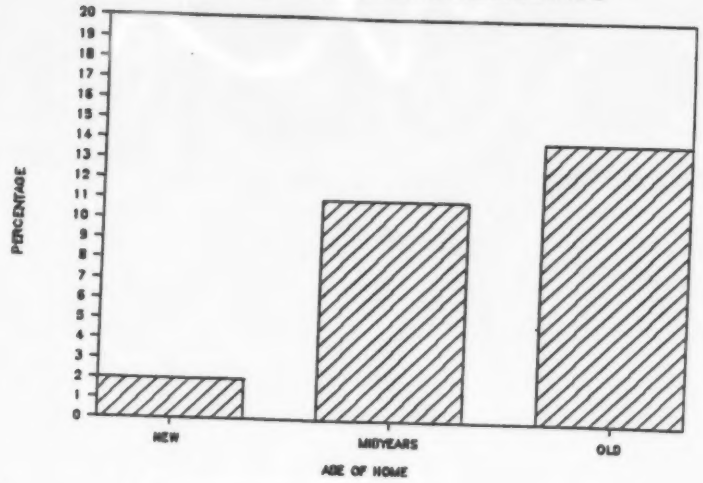
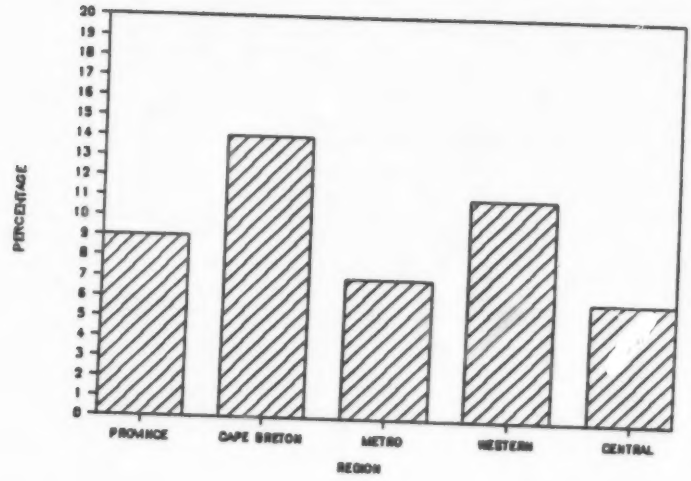
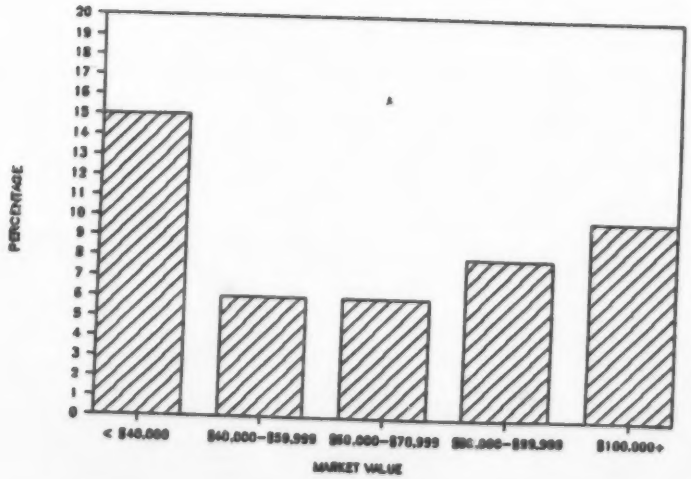
1 Contractor Opinions of the Residential Rehabilitation Assistance Program in New Brunswick, DPA, 1985.

EXHIBIT 4–10: FUNDING ASSISTANCE







Halifax County firms were less likely to be involved in work that was subsidized by government assistance program grants than were firms in other counties - 68% of Halifax firms compared to 34% of firms in other counties did not become involved in work subsidized by grants. Exhibit 4-11 presents a county breakdown of the mean proportion of residential work involving government grants. The highest mean percentage was found in Digby County (43%), while the lowest was found in Hants County (6%). The mean percentage for the total sample was 13%.

EXHIBIT 4-11: MEAN PERCENTAGE OF WORK SUBSIDIZED BY GRANTS

County	Average Percentage	Number of Cases
Annapolis	27	3
Antigonish	13	2
Cape Breton	19	9
Colchester	8	6
Cumberland	17	3
Digby	43	3
Guysborough	20	1
Halifax	8	31
Hants	6	3
Kings	12	6
Lunenburg	9	5
Pictou	15	3
Queens	8	3
Richmond	15	1
Yarmouth	35	3
TOTAL	13	100

Almost half of the respondent firms have been involved in work which is subsidized by government assistance grants.

4.5 Summary of Renovation Activity Characteristics

The household survey has shown that, not only is renovation activity substantial on an aggregate basis (44% of respondent households undertook renovations within the past twelve months), but also that it is wide-ranging throughout the province. Even the least active counties; Hants, Richmond, and Colchester with respondent households indicating renovation activity at 26%, 28% and 31% respectively, represent substantial markets. In all other counties, the number of household respondents indicating renovation activity ranged from 32% to 56% of the county sample.

The household survey estimates the total value of renovations completed in 1985 in Nova Scotia to be approximately $282 million. Statistics Canada data indicates that the value of residential repair in the province in 1985 was $93.7 million. The difference is largely because Statistics Canada defines structural change, (additions, major renovations, conversions and alterations) as "new", whereas in the context of the definition used in the preamble to the household survey it is considered as renovation.

In 1985, according to Statistics Canada, the value of new residential construction in Nova Scotia was $376 million. Thus, in Nova Scotia, renovation activity, as defined by this study, exceeds 50 percent of the dollar value of new construction. This suggests that Nova Scotia may be moving towards the experience in Quebec, where renovation, in terms of market share, exceeds the dollar value of new construction.

As was suspected, a substantial amount of renovation activity is undertaken by the homeowners themselves. In fact, half of respondent households undertook all of the work conducted in the past twelve months; and half of respondent households (not necessarily the same respondents) intend to undertake all of their

future renovation projects by themselves. These phenomena are not restricted to a particular dwelling type, market value or geographic area.

5.0 THE PROBLEMS AND POTENTIAL OF THE RENOVATION INDUSTRY

This chapter provides a discussion of the major problems facing renovators in Nova Scotia. It also indicates the opinions of both households and renovators regarding the expected value/volume of future activity.

5.1 Problems

The most significant problems for renovators were material costs and lack of work; 38% and 34% respectively rated these two problems as being in the top four most significant problems faced by their firm during 1984 and 1985 in the residential renovation business.

Significance of problems varied somewhat by geographic area as shown in Exhibit 5-1. Approximately 43% of Halifax renovators rated labour costs as being in the top four most significant problems. This may be compared to 25% of other renovators. Lack of work, however, was a greater problem for firms outside Halifax county. Six out of nine respondent firms in Cape Breton rated lack of work in their top four problems (see Exhibit 5-2). Accounts receivable and financing, however, were more problematic for Halifax firms.

As shown in Exhibit 5-3, in comparison with the results of the Remodelers Survey most problems were not as extreme in Nova Scotia. For example, around 41% of the American sample compared to 22% of firms in this study, rated lack of skilled labour as being particularly problematic. It is interesting to note that while 18% of the American respondents considered labour problems to be one of the top three problems faced by their firm, none of the Nova Scotia renovators included labour problems in the top three.

The six greatest problems for the Toronto study were organization and flow of work (42%), cash flow (29%), customer relations (26%) and dealing with staff and sub-trades (21%). Problems involving individual projects for the firms included unfair competition (42%), dealing with customers (34%), marketing the firm's services (29%) and providing accurate bids and estimates (24%). In running a job, these firms were most concerned with cash flow and financing (37%), scheduling of projects (34%), customer relations (32%), managing trades and sub-contractors (26%) and overcoming the poor industry image created by incompetent firms (23%).

EXHIBIT 5-1: PROBLEMS RATED IN THE TOP FOUR MOST SIGNIFICANT (PERCENT OF RENOVATORS)

Problems	Halifax County	Other Counties
Public Image of Industry	8	1
Labour Costs	43	25
Labour Problems	5	0
Lack of Skilled Labour	24	25
Lack of Business Management Skills	15	9
Material Costs	38	40
Lack of Material	8	14
Lack of Work	30	39
Local Government Regulations	8	16
Building Codes	3	5
Accounts Receivable	24	11
Customer Relations	3	5
Financing	27	18

EXHIBIT 5-2: COUNTY BREAKDOWN FOR PROBLEMS

PROBLEM	ANNA	ANTIG.	CAP	COLC.	CUMB	DIGBY	GUYS	HFX.	HANT	INVER.	KING	LUNEN.	PICTOU	QUEENS	RICH.	YAR
1. PUBLIC IMAGE		-		-		-		8%	-	-	-	-	-	-	-	50%
2. LABOUR COSTS		-	44%	-		50%		43%	50%	100%	29%	29%	-	33%	-	-
3. LABOUR PROBLEMS		-		-		-		5%	-	-	-	-	-	-	-	-
4. UNSKILLED LABOR		-		50%	33%	75%	100%	24%	-	-	43%	29%	33%	-	-	-
5. BUS.MANAGEMENT		-	11%	17%	33%	-		16%	50%	-	-	-	-	-	-	-
6. MATERIAL COSTS	66%	-	44%	17%	33%	75%	100%	38%	25%	100%	71%	14%	33%	33%	-	50%
7. LACK OF MATERIAL	66%	-	22%	17%	33%	25%		8%	-	-	-	14%	-	-	-	-
8. LACK OF WORK	33%	-	66%	17%	33%	25%		30%	50%	100%	43%	29%	66%	33%	100%	-
9. LOCAL GOV. REG.	66%	50%	22%	17%		-	100%	8%	-	-	-	-	-	-	-	50%
10. BUILDING CODES		-		-	33%	25%		3%	-	-	-	14%	-	33%	-	-
11. ACCOUNTS RECEIV.	33%	-		-	33%	25%		24%	-	-	-	14%	33%	-	-	50%
12. CUSTOMER RELAT.		-		-		25%		3%	-	-	-	14%	-	-	-	50%
13. FINANCING		50%	44%	-		25%	100%	27%	25%	-	14%	-	33%	-	-	-
VALID # CASES	3	2	9	6	3	4	1	37	4	1	7	7	3	3	1	2

EXHIBIT 5-3: PROBLEMS RATED IN THE TOP THREE MOST SIGNIFICANT COMPARISON NOVA SCOTIA AND REMODELERS' SURVEY

	PERCENTAGE RATING	
	Nova Scotia Sample	American Sample
Problems		
Public Image of Industry	3.2	18.8
Labour Costs	28.1	30.9
Labour Problems	----	18.0
Lack of Skilled Labour	21.5	40.7
Lack of Business Management Skills	6.5	N/A
Material Costs	37.6	28.3
Lack of Material	10.8	13.9
Lack of Work	34.4	20.5
Local Government Regulations	11.8	15.7
Building Codes	4.4	15.6
Accounts Receivable	14.1	N/A
Customer Relations	3.3	9.9
Financing	18.3	20.0

5.2 Other Issues

Information Needs

Most renovators (76%) were able to obtain as much information as they needed on new materials and techniques for residential renovations. As well, 88% claimed that new materials and techniques were available as requested by their clients. These findings differed somewhat by county with firms in counties other than Halifax being more likely to indicate a problem obtaining materials and information. The most important sources of information on new materials and construction techniques were building suppliers and trade publications and periodicals. Exhibit 5-4 presents respondents' rating of the importance of information sources.

Most respondents felt that the quality and access to information sources could be improved - 65% and 67% respectively.

EXHIBIT 5-4: PERCENTAGE DISTRIBUTION OF RATING OF FOUR MOST IMPORTANT INFORMATION SOURCES

Information Source	Most Important	2nd Most Important	3rd & 4th Most Important
Trade School/Educational Institution	1	2	1
Trade Publications/ Periodicals	29	8	11
Government Publications	2	6	10
Sales Agents	23	22	12
Building Suppliers	34	21	18
Discussions with other Firms & Individuals	8	23	10

Promotion

The most significant means of promoting business for renovators was word of mouth; 65% ranked this method as the most important and an additional 27% ranked it the second to fourth most important method. The next most significant promotion method was advertising through the yellow pages; 70% of the overall sample ranked this method as being in the top four most important methods. (Halifax firms were more likely to use this method than other firms - 82.5% compared to 60.1% respectively).

In the American study, the most significant way to develop business was job signs. Approximately 60% of that sample indicated that they developed business in this manner, compared

to only 11% of the Nova Scotia sample. Exhibit 5-5 presents a comparison of business development methods used by the two samples. It is unfortunate that a question regarding the "word of mouth" category was not used in the American study; therefore comparisons are not possible.

As shown in Exhibit 5-5, job signs were a much more significant method of promotion for the American sample, approximately three times as many respondents in that study rated job signs as being an important method of promotion.

EXHIBIT 5-5: PERCENTAGE IMPORTANCE RATING BY PROMOTION METHOD

Method	Percentage Importance Rating Nova Scotia Sample, 1986	American Sample, 1984
Flyers and Leaflets	11.1	29.8
Direct Mail Advertising	5.0	18.8
Job Signs	20.2	59.9
Yellow Page Advertising	69.7	51.4
Newspaper	42.4	35.3
Radio	9.0	8.2
Telephone Solicitation	2.0	N/A
Door to Door Sales	4.0	6.7
Paid Referral Service	2.0	8.2
Showroom	17.2	22.8
Word of Mouth	91.9	N/A

These comments should be considered in the light of householders' methods for finding renovators. By far, word of mouth by friends and relatives (70%) was the primary means of locating a

renovator. A higher than average proportion of householders in the Central and Cape Breton regions, and those with dwellings valued under $60,000 relied more on this source than others. Respondents with homes valued over $80,000 tended to rely more on the yellow pages and the home renovation industry as their source in finding a contractor (Exhibit 5-6). The yellow pages and industry referrals are important in Metro and Western Regions, while want-ads are used more often in regions other than Metro. When source of renovator is crosstabulated with type of work and value of work, referral by a friend or relative dominates all other sources; a range of 59 to 80 percent for value and 53 to 67 percent for type.

EXHIBIT 5-6: SOURCE OF RENOVATOR (PERCENT OF HOUSEHOLD SURVEY RESPONDENTS)

	FRIEND/ RELATIVE	REFERRAL	YELLOW PAGES	WANT ADS	OTHER
Base:	(243)	(23)	(28)	(16)	(39)
DWELLING TYPE:					
Single	70	7	6	6	11
Other	72	4	4	--	20
AGE OF HOME:					
New	68	6	7	11	8
Mid-Years	69	6	6	5	14
Old	70	8	13	2	7
REGION:					
Cape Breton	78	4	4	6	8
Metro	61	8	12	2	17
Western	67	9	10	7	7
Central	83	2	--	7	8
Province	70	7	8	4	11
MARKET VALUE:					
<$40,000	77	1	4	4	13
$40,000-59,999	81	7	3	3	5
$60,000-79,999	71	8	7	9	5
$80,000-99,999	68	5	10	5	12
$100,000+	58	10	14	4	14

The source of renovator is also a question of interest to the industry. In this regard, 70% of households indicated that they relied on recommendations from friends and/or relatives and 7% from other renovators. Thus, approximately 77% of business is generated from non-advertising sources. This figure is substantially higher than that for most other types of business. For example, retail merchants consider that less than 30% of their business volume is generated by word of mouth; the remainder results from walk-in traffic and advertising.

The 77% referral level is not altogether surprising in the context of the nature of the renovation industry. But, it begs the question if the industry could improve its market penetration through more effective advertising focussed upon specific target groups. In this regard, the household survey provides breakdowns by dwelling type, age and market value, as well as geographical area, which could be used by industry to structure a promotional campaign.

The high referral level also points to the importance of quality craftsmanship. The referral process works both ways: good work begets more work; poor work begets no work. As was shown in the renovators' survey, industry is well aware of the importance of referrals, which can only be generated by quality workmanship.

5.3 Future Renovation Activity

Householder Views

Forty percent of all householders indicated they would be doing renovation work on their dwellings and property within the next one to two years. Household survey respondents who made improvements in the past year were also likely to continue with

additional improvements in future. For example, 54 percent indicated an intention to do future works, compared with 33 percent who said no and 13 percent who said maybe. Those who had not undertaken renovations in the past year were more likely not to make improvements in the next one to two years. (Exhibit 5-7).

EXHIBIT 5-7: FUTURE IMPROVEMENTS INTENDED AND ESTIMATED COST (PERCENT OF HOUSEHOLD SURVEY RESPONDENTS)

	FUTURE	AVG DOLLAR/ RENOVATION	100% BEING DONE BY: HOMEOWNER	TRADE	OTHER
Base:	(1444)	(684)	(352)	(127)	(281)
DWELLING TYPE:					
Single	39	4,835	49	18	33
Other	39	4,529	65	11	24
AGE OF HOME:					
New	44	4,205	57	10	33
Mid-Years	38	4,758	47	20	33
Old	41	5,102	47	20	33
REGION:					
Cape Breton	39	4,112	54	17	29
Metro	47	4,839	47	17	36
Western	41	4,708	49	25	26
Central	31	5,644	50	22	28
Province	40	4,796	50	17	33
MARKET VALUE:					
<$40,000	34	4,503	48	5	47
$40,000-59,999	36	5,122	59	4	37
$60,000-79,999	52	4,629	46	3	51
$80,000-99,999	52	3,994	48	1	51
$100,000+	47	5,396	40	1	51

The average expenditure for these future improvements ($4,796) was higher than the actual expenditures reported for historic improvements. Fifty percent of respondents said they would be doing their own renovations in future and not hire out to tradesmen. This again confirms the previous estimate that 50

percent of renovation activity by value is done by self-help or free labour.

In projecting the sample expenditures to all households in the province, based on 1981 Statistics Canada data, an estimated $378 million will be spent on renovations in the next one to two years. However, expenditure intent is high when compared to actual historic expenditure. A more conservative estimate, based on the average historic expenditure of $3,330 would lower the future renovation estimate to $263 million (Exhibit 5-8).

Renovator Views

"Primary" renovators (greater than 50% of gross sales in renovation) were less likely to indicate growth in sales in renovation work over past periods than were "other" renovators (less than 50% of gross sales in renovation). For example, approximately 40% of the primary renovators, compared to 52% of others, felt that their residential renovation sales had grown between 1985-86. No differences between the sub-samples was found in the growth outlook, however, 4% more primary renovators expected sales fluctuations to decline in the future. This may be indicative of a trend for sideline or part-time renovator firms to increase their share of the renovation market, thus decreasing the share of full-time renovation firms.

Exhibit 5-9 presents a comparison of primary renovators and other renovators' perception of sales fluctuation in renovation work.

Halifax County firms were more optimistic about future renovation sales and more likely to indicate growth in sales and renovation work over the past than were firms in other counties. Around 56% of Halifax firms indicated that their sales had grown between 1985 - 1986. This may be compared to only 42% of firms in other counties. As well, 59% of Halifax firms expected renovation

EXHIBIT 5-8: ESTIMATED VALUE OF FUTURE RENOVATION ACTIVITY

		HISTORIC			FUTURE		
	Owned* Dwellings	% Did Renovations	Avg Exp./ Renovation	$ Expenditure In Millions	% Doing Renovations	Avg Cost/ Renovation	$ Expendit. In Million
Cape Breton	39,720	41.8	$4,028	$ 66.9	38.6	$4,112	$ 63.1
Halifax/ Hants	63,835	52.2	3,122	104.0	47.3	4,839	146.1
Kings/ West	51,505	41.7	3,471	74.6	40.9	4,708	99.2
Antigonish	40,245	33.8	2,660	36.2	30.8	5,644	70.0
Total N.S.	195,305	43.5	$3,330	$281.7	40.4	$4,796	$378.4

* Statistics Canada 1981 Occupied Private Dwellings - Owned E561

EXHIBIT 5-9: RENOVATOR OPINIONS ON FUTURE TRENDS IN RENOVATION WORK ACTIVITY

	GROWTH		NO CHANGE		DECLINE	
Period	Primary Renovators	Secondary & Tertiary Renovators	Primary Renovators	Secondary & Tertiary Renovators	Primary Renovators	Secondary & Tertiary Renovators
1984-1985	36.1	51.0	41.7	31.4	22.2	17.6
1985-1986	39.5	51.9	31.6	22.2	28.9	25.9
Outlook	50.0	50.0	33.3	37.0	16.7	13.0

sales to grow within the next year, compared to only 46% of firms in other counties.

Respondents in the Remodelers Survey were somewhat more optimistic about growth of renovation work in the following year than the total Nova Scotia renovation sample; 58% expected that it would grow, 34% predicted no change and 9% thought it would decrease.

Twenty seven percent of renovators felt that renovation sales had declined between 1985 and 1986, however only 14% expected sales to decline in the next year. Renovators with most of their work in the residential renovation field were less optimistic about past and future performance than were other renovators.

6.0 CONCLUSIONS

6.1 Overview

The picture which emerges from the two surveys and the in-depth interviews conducted for this study is one of a industry caught in a dilemma. The renovation industry is by and large extremely volatile, disorganized and fraught with a variety of problems for which there are no easy solutions.

The most logical place to begin to describe the situation is by the physical nature of renovation work (see Exhibit 6-1). The results of the household survey have shown (and has been corroborated by industry interviews), that the average value of renovation work, on a unit basis is very small. Although it is somewhat tenuous to use an average value because of the great variety of work requirements, techniques and trades prevalent in renovation, it is nevertheless, a convenient basis for further thought.

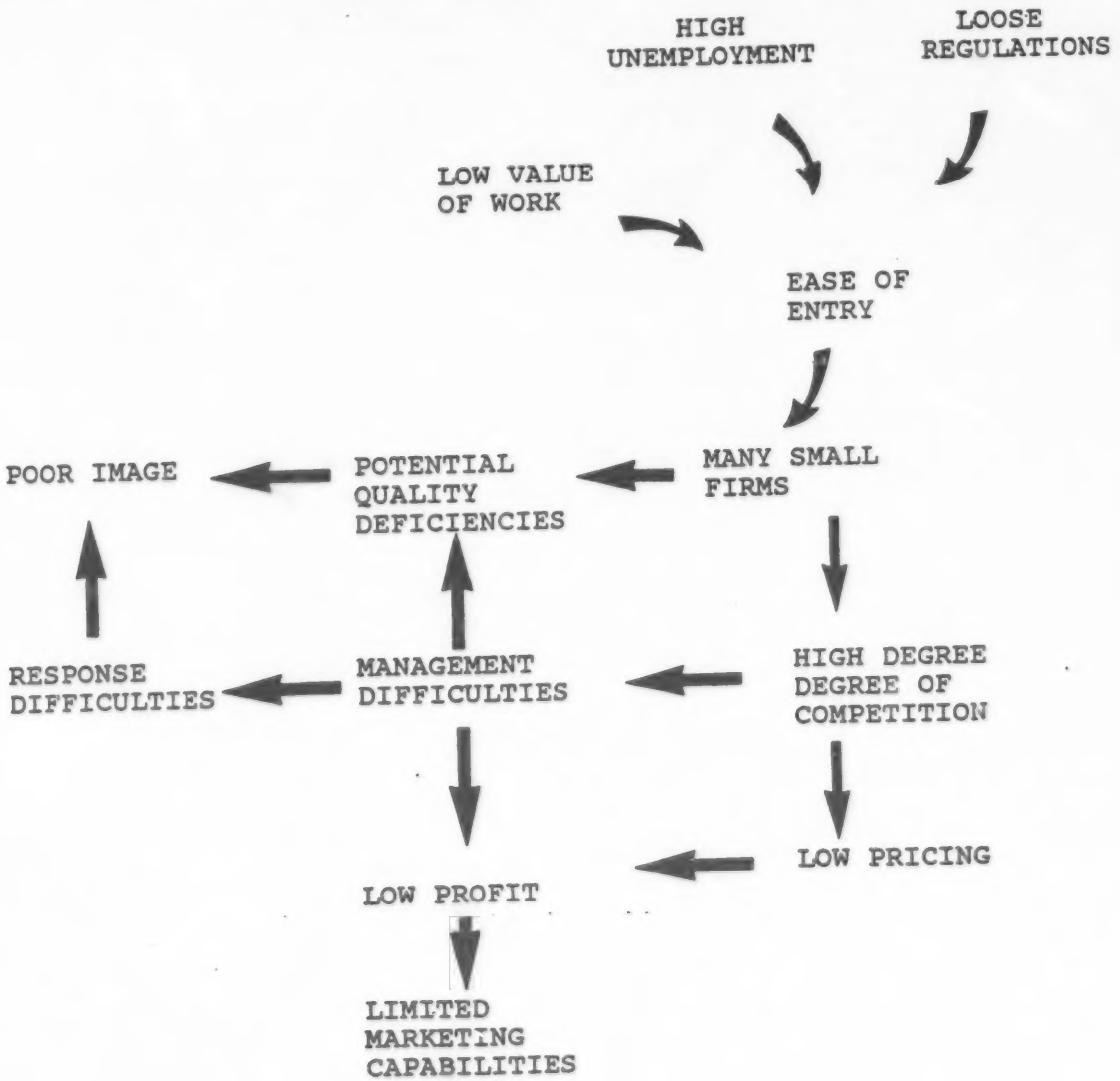
The average renovation value as determined by the household survey is approximately $3,300. The corresponding labour component (approximately 42 percent) is $1,400 which at an average weekly construction wage rate including benefits, of approximately $600, represents approximately two and one-half person weeks of work per "job". It is readily evident that in order to keep a large work force productively occupied it would be necessary to generate a substantial number of renovation jobs.

Most industry participants consider the low unit value of renovation work to be the major reason for the large number of small firms currently active in the industry.

The low value of work also serves to explain a number of the characteristics of these firms in that most people need another

source of income; there is more profit potential if overheads are kept low, hence a very small number of employees; there are tax benefits as small firms are not required to pay premiums to the Worker's Compensation Board, and small firms have the flexibility to move with the market.

EXHIBIT 6-1: THE CYCLE OF RENOVATION INDUSTRY PROBLEMS



The fact that job values are small, combined with the lack of adequate licensing procedures and performance regulations also explains why many individuals take up renovation as a secondary source of income and/or move into this activity if they are unemployed and have a minimum of construction skills. It is therefore difficult to teach this group better methods.

The small size of renovation firms contributes to many problems. Assuming that not much work is required to keep one person busy (42 percent of firms are sole proprietorship) then most firms are operating at close to capacity. There is not much time for anything other than physical work.

As a consequence, the lack of training in, and application of recognized management procedures is a major deficiency. Industry interviews indicate that this is particularly true in areas of cost control and cash flow. Other management difficulties include or are affected by the fact that small firms have no time to devote to the necessary bookkeeping and the coordination between different trades on a job. (Only 50% of firms employ office staff - many of these are members of the family, such as a spouse). Poor bookkeeping results in difficulties in collecting accounts receivable and this results in high interest costs on lines of credit. All of the above negatively affect profits. The industry survey showed that one of the major problems is marginal profit levels.

It is important to distinguish between a low value unit job and low-profit levels. Generally, low value unit sales require high volume and a high degree of sophisticated production/ manufacturing technology to realize a profit. High profit is possible from low value work. However, within the renovation industry, the characteristics of small firms preclude the generation of high profit.

Many small firms also result in a high degree of competition for the amount of work which is available. Some of the contractors interviewed indicated that in order to acquire work, under-qualified renovators usually bid on the low side, and then anticipate substituting inferior quality materials in order to save costs. Low prices also contribute to low profits as well as potential quality deficiencies.

Low profit margins make it difficult to undertake effective advertising campaigns. The marketing capability of a firm is directly proportional to the profits which can be used to support promotional activities. There is a feeling amongst renovators that the cost of advertising is prohibitive, partially because they do not have sufficient funds, but also because they believe that "around 50 percent of the advertising dollar is wasted".

Poor management practice and lack of time makes it difficult to respond to customer inquiries, special requests and scheduling of work. Renovators will also often take on more work than they can handle because some renovators are afraid to lose a client to a competitor. In addition, they will take on work (somewhat for the same reasons) for which they are under-qualified. For example, a qualified carpenter may agree to do plumbing or electrical work if the client asks for that type of help.

The size of the firm affects its ability to upgrade the skill levels of its employees (there is a consensus amongst the industry that training is lacking), as well as keep them on staff when the work loads are low. Industry interviews indicate that renovation work requires a high degree of expertise in old and new construction materials and techniques.

Consider the following statement made by a general contractor, in Halifax, with over 60 years of construction/renovation experience:

> "Renovation work requires a well-rounded, all knowledgeable tradesman who understands both old and new construction methods and who can cross between the two at any time. The renovator is the general practitioner of construction".

The lack of adequate skills and management training are the primary contributors to low quality work and a poor public image.

In a 1981 national survey[1] of consumer attitudes covering twenty-four common products and services, home improvements were regarded as the single most difficult purchase by the male respondents. (It was ranked third behind auto repairs and an automobile purchase by women respondents). That study identified three major sources of dissatisfaction:

- lack of contractor integrity;
  - substitution of low quality parts and materials, more repairs done than necessary, and billing for more hours than time actually spent on the job;
- lack of competent contractors;
- lack of concern for customers needs.

All of the Nova Scotia industry interviews confirm that these issues are a major concern for the established renovators in Nova Scotia.

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1 Consumers' Perceptions of Pre-Purchase Shopping Problems and Solutions, Consumer & Corporate Affairs Canada, 1981.

Nevertheless, it appears that Nova Scotia households are well satisfied with the quality of renovator work. Approximately 82 percent of the household survey respondents considered the quality of work done by renovators to be "very good" to "excellent". This degree of satisfaction generally held in all regions and by age and value of dwelling.

6.2 Potential Improvements

During the course of the study, many comments were received regarding methods by which the renovation industry could be improved and stabilized.

Contrary to expectations, there is a definite call from the industry for a higher degree of regulation, particulary licensing of contractors and inspection work. With regard to the former, there appears to be a preference for some form of self-governing body. For example, the provincial Associations of Professional Engineers[2].

A similar association could be developed for the practice of renovation. An accreditation board would scrutinize the

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2 These associations are located in each province in Canada and, generally, ensure that the practice of engineering is conducted in accordance with established professional standards, fee for service guidelines, code of ethics, etc. They also promote the business interests of their members, promote the status of engineering as a profession, promote and encourage continuing education programs and public information programs. An engineer cannot practice the profession unless he/she is registered with a provincial association. As a result of the standards, licensing and enforcement efforts of the provincial associations, there is a high degree of client (and to some extent, public) trust in the practice of engineering.

qualifications of contractors and issue a "license to practice". Given the variety of trades in the renovation industry, it will be difficult to establish the required procedures and balance in addressing the needs of small and large firms. But, in the long term, this type of organization may be an effective approach to enhancing the image of the industry, reducing the number of unqualified participants and as a result increase work volumes and profit potential.

It could be argued that a standard industry contract/warranty could achieve results similar to an association; but at less cost and bureaucracy. While the results of the renovators survey indicate that the potential for acceptance of a standard warranty is high, the in-depth interviews and qualitative comments of the survey respondents generally point towards ambivalent feelings for these instruments.

With regard to contracts, the response has been contradictory. From the personal interviews it appears that most renovators prefer their present particular method - be-it a handshake or something more formal. However the survey indicated that the vast majority of renovators (83%) would use a standard contract if one were available. There is also a recognition that despite the difficulties in drafting a document which is sufficiently flexible to accommodate the broad spectrum of renovation work, a contact might improve customer relations and contribute to improved control over the quality of work and materials.

The need for a warranty program is also questionable. Renovators recognize that a warranty "might scare off the fly-by-nighters", but there is also a fear that it would "just mean more regulations". The comments regarding warranties were wide ranging, ,from "simply not needed", to "it's understood and based on a firm's reputation, honesty and pride in the work performed"; to "contractors should issue a written warranty for their work

for a five to ten year period after the job is complete - otherwise they did not do the job properly".

Approximately 65 percent of all renovators were in favour of a standard contract and/or warranty and by and large they were of the opinion that it should be sponsored by the Canadian/Nova Scotia Construction Association and not the Canadian Home Builders' Association. These documents should be binding for all construction/renovation firms in the province. As one contractor put it, "no loopholes should exist".

At the time of this study, many renovators were reluctant to adopt a standard contract/warranty because of the lack of a universally accepted building code in Nova Scotia. The province has recently (April 1987) adopted the National Building Code (NBC), applicable in all areas and municipalities. The majority of industry participants indicated that they would support a standard contract/warranty when the NBC was adopted and enforced as the provincial building code.

Few respondents mentioned the need for a group such as the Nova Scotia Home Builders Association (NSHBA) to be responsible for entry regulations. Many respondents were not aware of the existence of NSHBA. Other respondents indicated that they "do not know what it does", or "its advantages are not clear". In this respect, there is probably a need for NSHBA to promote its existence and educate industry with regard to its services and objectives.

Many comments were received which point toward a possible role for NSHBA. Almost all interviewees indicated a priority need for management training, particularly with bookkeeping - chartered accountants are too expensive for small firms and part-time bookkeepers are not up-to-date on the latest tax regulations, methods, etc. There is a need for a highly professional

"accounting pool" available to renovators on an as-and-when-required basis at reasonable rates.

Other potential services to be offered by an association include a qualified contractor database (as distinguished from a membership list) which could facilitate the client search for the appropriate trade; a permanent exhibit of most recent product developments and techniques; a central directory of suppliers, distributors, ,wholesalers, etc; and public education programs on contractor selection and general contracting procedures.

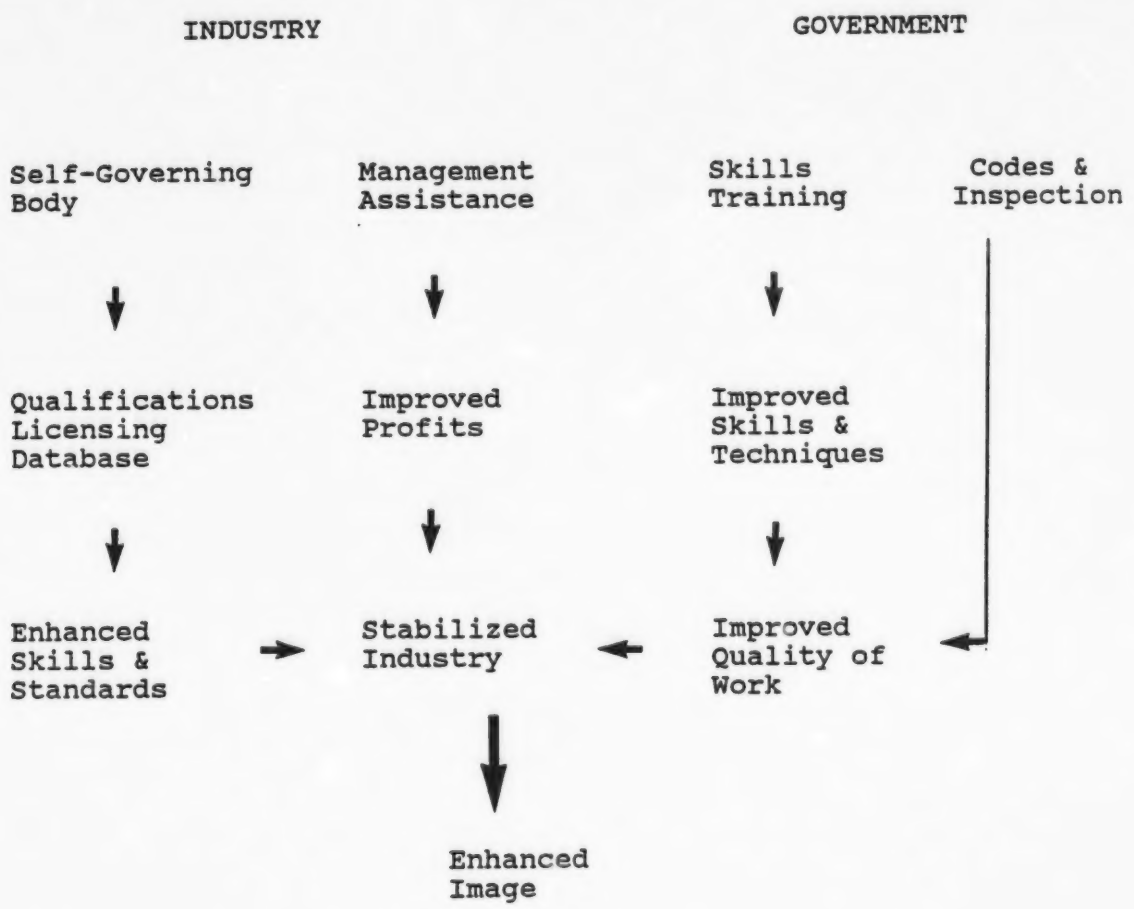
A service providing timely and comprehensive information on new products and techniques is increasingly important. In the past, contractors have relied on travelling salespeople who visited the renovator and distributed samples and information brochures. During the personal interviews, renovators told the study team that this type of activity has been curtailed by the manufacturers, primarily due to high cost. The primary source of this information is now from the local building material supplier; however, the floor staff, particularly in smaller centres, often are not sufficiently aware of new products and their application. This is important because interviews have shown that the renovator has a high degree of influence regarding the design and choice of materials in renovation work. Renovators should have a common source of information on quality and cost-effective materials and innovative ideas which will enhance the overall "robustness" of renovation work. The information from building suppliers will continue to be important. Since they are at the "leading edge" of dealing with contractors and the public, the floor staff need to be trained in a more formal sense. However, renovators should also have access to a secondary and credible product/techniques data base.

In addition to management assistance, there is a strong body of opinion amongst renovators that improved skills training is

required. In their opinion this is a provincial government responsibility (perhaps with federal subsidies) - the regulatory structure, institutions, organization and some aspects of the required curriculum are already in place. According to industry, what is missing is training in both the "hard" and "soft" elements of renovation work. The latter include a requirement for stressing the importance of professionalism, common courtesy, client relations and, above all, pride of craftsmanship. The former relates to hands-on experience in both "old" and "new" construction techniques and materials. Present training modules primarily provide students with the ability to build something with new methods. However, renovation work also requires an ability to diagnose a problem and take something apart - often in a non-destructive, cost-effective manner - and usually in an older dwelling. This requires a sound knowledge of old techniques and materials. Industry believes that apprentice training with experienced renovators as instructors would be the most valuable approach.

A summary of the foregoing issues is provided in Exhibit 6-2.

EXHIBIT 6-2: POTENTIAL IMPROVEMENTS



6.3 Future Trends

Despite the problems currently confronting the renovation industry, there is a general feeling expressed by both renovators and homeowners that renovation work will continue to be an important activity in the residential market in future.

For example, forty percent of all homeowners surveyed indicated an intention to undertake renovations within the following two years. As well, homeowners who recently undertook renovations intend to continue improving their dwellings in the future. These intentions suggest that renovation is a continuous activity which shows little sign of abating. This study estimates that renovation activity in Nova Scotia will increase in future, possibly attaining an annual value of approximately $300-350 million in the next one to two years.

The renovators' survey results regarding the renovation outlook were very positive; 83 to 87 percent indicated that they expected a stable or growing renovation market in the future. The firms selected for in-depth interviews were unanimously optimistic. They were all of the opinion that residential renovation will be a growth market. "It is as cost-effective to renovate as to buy new", and "the renovation of older homes seems to be an increasing trend" were comments heard again and again.

The impact of new construction methods, and the apparent popularity of modular and pre-fab homes raised concern for some firms; "it may hurt us in the long run", while most firms seemed to take it in stride, "these units will eventually need to be renovated!" On the whole, it would appear that renovators are capable of adopting a flexible approach to respond to the requirements of the market. This should be expected as the very nature of renovation activity - building and demolishing in a

constantly changing environment of materials and techniques - requires a flexible mind-set.

Presently, there is almost universal optimism regarding future renovation activity levels. However, the future of a stabilized renovation industry can only be assured if some of the major problems which confront it can be resolved. There is a definite desire for the adoption and vigilent enforcement of licensing regulations. This will go far in increasing job values so as to allow reasonable profit margins.

APPENDIX A

HOUSEHOLD SURVEY QUESTIONNAIRE

TELEPHONE EXCHANGES BY DISTRICT

	EXCHG	POPULATE	WEIGHT	SAMPLE SIZE
PE BRETON DISTRICT				210
PE BRETON				
ISDALE	871	1000	1	3
ST BAY	828	1000	1	3
KASONI	379	1000	1	3
BARUS	884	1000	1	3
ACE BAY	849	21466	27	57
AND NARROWS	622	1000	1	3
UTSBOURG	733	1410	2	4
RION BRIDGE	727	1000	1	3
ILS HARBOUR	336	1000	1	3
W WATERFORD	862	8808	11	24
RTH SYDNEY	794	1000	1	3
RT MORIEN	737	1000	1	3
DNEY	539	7361	9	20
DNEY	562	7361	9	20
DNEY	564	7361	9	20
DNEY	595	7361	9	20
DNEY MINES	736	8501	11	23
		78629	100	210
VERNESS				40
ETICAMP	224	1022	15	6
VERNESS	258	2013	29	11
BOU	945	1000	14	6
RGAREE FORKS	248	1000	14	6
RGAREE HARBOUR	235	1000	14	6
RT HOOD	787	1000	14	6
		7035	100	40
CHBOUD				25
TCHAT	226		25	6
ARBOISE	587		25	6
UTSDALE	345		25	7
PETERS	575		25	6
			100	25
CTORIA				25
DDECK		295	20	5
JLLARDERIE		674	20	5
NGWALL		383	20	5
GONISH		285	20	5
ANNS BAY		929	20	5
			100	25

KINGS & WEST DISTRICT				100
KINGS				
AYLESFORD	847	500	4	4
BERWICK	538	1699	14	14
CANNING	582	500	4	4
KENTVILLE	678	4974	40	40
KINGSTON	765	1612	13	13
WOLFVILLE	542	3235	26	26
		12520	100	100
QUEENS				30
CALEDONIA	242	500	10	3
LIVERPOOL	354	3304	69	21
MILL VILLAGE	677	500	10	3
PORT MOUTON	683	500	10	3
		4804	100	30
SHELBURNE				30
BARRINGTON	637	500	9	3
CLARKS HARBOUR	745	1059	20	6
LOCKEPORT	656	500	9	3
PORT LATOUR	768	500	9	3
SHELBURNE	875	2303	43	13
WOODS HARBOUR	723	500	9	3
		5362	100	30
YARMOUTH				50
ARGYLE	643	500	5	2
CARLETON	761	500	5	2
PORT MAITLAND	649	500	5	2
PUBNICO	762	500	5	2
TUSKET	648	500	5	2
WESTPORT	663	500	5	2
YARMOUTH	742	7475	71	36
		10475	100	50
				40

DIGBY				
DIGBY	245	2558	46	18
FREEPORT	839	500	9	4
METEGHAN	645	500	9	4
SANDY COVE	834	500	9	4
SAULTERVILLE	769	500	9	4
WESTPORT	837	500	9	4
BEAR RIVER	467	500	9	4
		5558	100	40
				40
ANNAPOLIS				
ANNAPOLIS ROYAL	532	500	13	5
BRIDGETOWN	665	500	13	5
LAWRENCETOWN	584	500	13	5
MIDDLETON	825	1834	48	19
SPRINGFIELD	547	500	13	5
		3834	100	40
				100
LUNENBURG				
BLANDFORD	228	1000	7	7
BRIDGEWATER	543	6669	49	49
CHELSEA	685	500	4	4
CHESTER	275	1131	8	8
LAHAVE	688	500	4	4
LUNENBURG	634	500	4	4
MAHONE BAY	624	1228	9	9
NEW GERMANY	644	500	4	4
NEW ROSS	689	500	4	4
RIVERPORT	766	500	4	4
WESTERN SHORE	627	500	4	4
		13528	100	100
ANTIGONISH DISTRICT				30
ANTIGONISH				
ANTIGONISH	863	2603	39	12
ANTIGONISH	867	2603	39	12
CORNWALLIS	638	500	7	2
HEATHERTON	386	500	7	2
MONASTERY	232	500	7	2
		6706	100	30
				75
COLCHESTER				
BASS RIVER	353	500	3	2
BROOKFIELD	673	500	3	2
DEBERT	662	500	3	2
GREAT VILLAGE	668	500	3	2
SHUBENACADIE	758	500	7	5
STEWIACKE	639	1174	3	2
TATAMAGOUCHE	657	500	36	27
TRURO	893	6276	36	27
TRURO	895	6276	3	2
UPPER STEWIACKE	268	500	100	75
		17226		70

CUMBERLAND				
	392	500	2	2
AMHERST	667	9684	46	32
COLLINGWOOD	686	500	2	2
OXFORD	447	500	2	2
PARKSBORO	254	1799	9	6
PORT GREVILLE	348	500	2	2
PUGWASH	243	500	2	2
RIVER HEBERT	251	500	2	2
SOUTHAMPTON	546	500	2	2
SPRINGHILL	597	4896	23	16
WALLACE	257	500	2	2
WENTWORTH	548	500	2	2
		20879	100	70
				25
GUYSBOROUGH				
CANSO	366	1255	15	4
COUNTRY HARBOUR	328	500	6	1
ECUM SECUM	347	500	6	1
GUILDFORD	387	500	6	1
GOSHEN	783	500	6	1
GUYSBOROUGH	533	500	6	1
LARRYS RIVER	525	500	6	1
LISCOMB	779	500	6	1
MELROSE	833	500	6	1
MILGRAVE	747	1099	13	3
PORT BICKERTON	364	500	6	1
QUEENSPORT	358	500	6	1
SHERBROOKE	522	500	6	1
		500	6	1
		8354	100	25
				100
PICTOU				
HOPEWELL	923	500	2	2
MENZIEVILLE	924	500	2	2
NEW GLASGOW	752	5232	24	24
NEW GLASGOW	755	5232	24	24
PICTOU	485	4628	21	21
RIVER JOHN	351	500	2	2
THORNBURN	922	1014	5	5
WESTVILLE	396	4522	20	20
		22128	100	100
TOTAL SAMPLE				1450

ALIFAX/HANTS DISTRICT

400

ALIFAX

EDFORD	835	6777	3	12
HEZZETCOOK	827	1000	0	2
ARTMOUTH	434	7785	4	14
ARTMOUTH	435	7785	4	14
ARTMOUTH	462	7785	4	14
ARTMOUTH	463	7785	4	14
ARTMOUTH	465	7785	4	14
ARTMOUTH	466	7785	4	14
ARTMOUTH	469	7785	4	14
ARTMOUTH	829	7785	4	14
RENCH VILLAGE	823	1000	0	2
ALIFAX	420	6741	3	12
ALIFAX	421	6741	3	12
ALIFAX	422	6741	3	12
ALIFAX	423	6741	3	12
ALIFAX	424	6741	3	12
ALIFAX	425	6741	3	12
ALIFAX	426	6741	3	12
ALIFAX	427	6741	3	12
ALIFAX	428	6741	3	12
ALIFAX	429	6741	3	12
ALIFAX	443	6741	3	12
ALIFAX	445	6741	3	12
ALIFAX	453	6741	3	12
ALIFAX	455	6741	3	12
ALIFAX	477	6741	3	12
ALIFAX	479	6741	3	12
ALIFAX	876	6741	3	12
ÉTITE HARBOUR	868	1000	0	2
USQUODOBOIT	384	1000	0	2
USQUODOBOIT HARBO	889	1000	0	2
URT DUFFERIN	654	1000	0	2

PROSPECT ROAD	852	1000	0	2
SACKVILLE	864	11705	5	21
SACKVILLE	865	11705	5	21
ST MARGARETS	826	1000	0	2
SHEET HARBOUR	885	1000	0	2
TANGIER	772	1000	0	2
UPPER MUSQUODOBOIT	568	1000	0	2
WAVERLEY	861	1699	1	3
		219760	100	400

60

HANTS

BROOKLYN	757	500	7	4
CHEVERIE	523	500	7	4
CLARKSVILLE	372	500	7	4
HANTSPORT	684	500	7	4
KENNETCOOK	362	500	7	4
MAITLAND	261	500	7	4
MOUNT UNIACKE	866	500	7	4
WALTON	528	3646	48	29
WINDSOR	798	7646	100	60

APPENDIX B

HOUSEHOLD SURVEY SAMPLE

Q10 TYPE OF COMPANY	Q11 OF WORK DONE	Q12a - SOURCE: FRIEND RELATIVE	HOME RENOV	YELLOW PAGES	WANT ADS	TRADE SHOW	OTHER	Q12b: FULL TIME	PART TIME	Q12c: 9-5	AFTER HOURS	Q12d QUALIFICATION: QUALIF	QUALIF	UNQUALIF	Q12e LEVEL OF SATISFACTION: EXCELLENT	VERY GOOD	FAIRLY GOOD	NOT VERY GOOD	NOT GOOD AT ALL

7a. Approximately how much money was spent on these improvements?

ACTUAL DOLLARS $_____ (GO TO Q 8)

DONT KNOW.....1 (CONTINUE)
REFUSED.....2 (CONTINUE)

7b. Then can you tell me if it was: (READ LIST)

UNDER $1,000..... 1
$1,000 TO $5,000..... 2
$5,000 TO $10,000..... 3
$10,000 TO $20,000.... 4
OVER $20,000..... 5

DONT KNOW..... 6
REFUSED..... 7

8. What percentage of this money was spent on labor versus materials?

_____% LABOR

_____% MATERIALS

DONT KNOW.....1
REFUSED.....2

9. What proportion of this work was done by yourself or others living in your home?

_____ % (IF 100% GO TO Q. 14)

10. What type of companies or individuals made these improvements? PROBE Any others?

(RECORD UP TO 5 RESPONSES ON PINK SHEET)

(IF ONLY 1 RESPONSE RECORD AND GO TO Q 12)

11. ASK FOR EACH RESPONSE IN Q10. What proportion of the work was done by (Q10) (RECORD ON PINK SHEET)

12. ASK Q12a THRU Q 12c FOR FIRST RESPONSE GIVEN IN Q10, RECORD ON PINK SHEET THEN REPEAT Q12a THRU Q12c FOR <u>EACH SUBSEQUENT</u> Q10 RESPONSE)

a. IF Q10 IS A FRIEND OR RELATIVE GO TO 12b.

From what source did you learn of (Q10)? Was it from a friend or relative, a person in the home renovation market, the yellow pages, the personal want ads or at a trade show?

b. Do you know if (Q10) does this line of work on a full time basis or part time basis?

c. Did (Q10) do most of this work for you during normal 9 to 5 working hours or after hours?

d. Was (Q10) fully qualified, partly qualified or unqualified for this line of work?

e. Thinking about the overall work that was done by (Q10) do you feel that the workmanship was excellent, very good, fairly good, not very good or not good at all?

CMHC HOUSEHOLD RENOVATION ACTIVITY SURVEY - 1986

Good evening, my name is _____. The Canada Mortgage and Housing Corporation and the Canadian Home Builders Association are doing a survey among residences in Nova Scotia to determine the level of activity in home and property improvements. We would appreciate a few minutes of your time to take part in this survey.

I would like to add that any information you provide will remain confidential and used only in combination with information given by other residences.

1. Am I speaking to the (female) head of the household?

YES.....	1	(GO TO Q.3)
NO.....	2	(CONTINUE)

2. Would the male or female head of the household be available to answer some questions?

YES.....1	(REINTRODUCE YOURSELF AND CONTINUE)
NO.....2	(ASK WHEN THEY CAN BE REACHED AND RECORD FOR CALL BACK)

3. Are you presently renting or do you own the home in which you reside?

RENTING.....	1	(THANK RESPONDENT AND TERMINATE)
PURCHASED.....	2	(CONTINUE)

4. Which of the following classifications would best describe your residence?

SINGLE DETACHED.....1
DUPLEX.....2
TOWNHOUSE.....3
OTHER (SPECIFY) _____4

5. Approximately how old is your (Q 4) ?

_____ YEARS (IF < 1 YEAR GO TO Q. 14 ELSE CONTINUE)

6a. Have you done any renovations or made any improvements to your home or property within the past 12 months?

YES.....1	(CONTINUE)
NO.....2	(GO TO Q. 14)
DONT KNOW.....3	(GO TO Q. 14)
REFUSED.....4	(GO TO Q. 14)

6b. Would you describe the kind of improvements made during that period?

_____

_____

13. Were any of the improvements covered by a grant from the Canadian Mortgage and Housing Corporation or the Provincial Housing Authorities?

YES.....1
NO.....2

DONT KNOW.....3
REFUSED.....4

14. Do you plan to make any improvements in your home or property within the next 1 to 2 years?

YES..... 1 (CONTINUE)
NO..... 2 (GO TO Q 17)

DONT KNOW..... 3 (GO TO Q 17)

15a. Excluding your own personal time and labor, if any, can you tell me approximately how much money you think you will spend on these improvements?

ACTUAL DOLLARS $_____ (GO TO Q. 16)

DONT KNOW.....1 (CONTINUE)
REFUSED.....2 (CONTINUE)

15b. Would it be: (READ LIST)

UNDER $1,000..... 1
$1,000 TO $5,000..... 2
$5,000 TO $10,000..... 3
$10,000 TO $20,000.... 4
OVER $20,000..... 5

DONT KNOW..... 6
REFUSED..... 7

16. What proportion of the work do you think will be done by: (READ EACH)

YOURSELF AND IMMEDIATE FAMILY.....1 _____%

FRIENDS OR RELATIVES QUALIFIED IN THE LINE OF WORK REQUIRED.....2 _____%

FRIENDS OR RELATIVES UNQUALIFED IN THE LINE OF WORK.....3 _____%

FULL-TIME QUALIFIED TRADE PEOPLE.....4 _____%

UNQUALIFIED TRADE PEOPLE.....5 _____%

STUDENTS.....6 _____%

OTHERS (SPECIFY)_____ _____%

7a. And finally, for classification purposes only, can you tell me the approximate value of your home and property?

_____ DOLLARS (THANK RESPONDENT AND END INTERVIEW)

DONT KNOW..... 9 (CONTINUE)
REFUSED..... 10 (CONTINUE)

7b. Would it be: (READ LIST AND RECORD)

UNDER $40,000.....1
$40,000 - 60,000.....3
$60,000 - 80,000 4
$80,000 - 100,000....5
$100,000 - $120,000..6
$120,000 - $140,000..7
$140,000 - $160,000..8
OVER $160,000.....9

DONT KNOW.....10
REFUSED.....11

THANK RESPONDENT AND TERMINATE INTERVIEW

APPENDIX C

INVENTORY QUESTIONNAIRE

APPENDIX C

HOME BUILDERS ASSOCIATION INVENTORY QUESTIONNAIRE

Good Morning/afternoon, my name is _____. I'm compiling a list of firms for the Canadian Home Builders Association and I would like to verify some information.

1. Does your firm sell and install products (services) in residential homes?

SELL ONLY	(END INTERVIEW)
INSTALL ONLY	(CONTINUE)
SELL & INSTALL	(CONTINUE)
NO	(END INTERVIEW)

2. Would that be for new construction or renovations?

NEW CONSTRUCTION ONLY	(END INTERVIEW)
RENOVATIONS ONLY	(CONTINUE)
BOTH	(CONTINUE)

3. Is your main line of business_____
   (OR) What is your main line of business?
   _____

4. Could I verify your company name and mailing address? (READ FROM LISTING)
   Do you have any other offices in Nova Scotia? Or is this the head office?

5. And finally, who is the owner, president or general manager of the firm? (Primary contact).

   NAME _____
   TITLE _____

APPENDIX D

RENOVATORS' SURVEY QUESTIONNAIRE

NOVA SCOTIA RENOVATION INDUSTRY SURVEY

Please respond to each of the following questions by writing in the appropriate answer or checking one of the boxes provided.

1. Record your firm name below.

   FIRM NAME:_____

2. Do you maintain an independent office outside your home?

   YES ☐1 ____

   NO ☐2

3. Based on your gross revenue, indicate the proportion of work accounted for by the following types of activity.

(A)	RESIDENTIAL - INTERIOR RENOVATION	____	____
(B)	RESIDENTIAL - EXTERIOR RENOVATION	____	____
(C)	RESIDENTIAL - NEW CONSTRUCTION	____	____
(D)	COMMERICAL - INTERIOR RENOVATION	____	____
(E)	COMMERCIAL - EXTERIOR RENOVATION	____	____
(F)	COMMERCIAL - NEW CONSTRUCTION	____	____
(G)	OTHER (Specify)_____	____	____
	TOTAL	100%	

4. What proportion of residential renovation work is done by your firm for each of the following categories of clients?

PRIVATE HOMEOWNERS (INCLUDING THUSE WHO MAY BE USING GOVERNMENT GRANTS)	____	____
PRIVATE LANDLORDS	____	____
GOVERNMENT (PUBLIC HOUSING, ETC.)	____	____
RESIDENTIAL DEVELOPERS/ENTREPRENEURS	____	____
OTHER (Specify)_____	____	____
	100%	

5. Which of the following best describes the ownership structure of your firm?

   SOLE PROPRIETORSHIP ☐1

   PARTNERSHIP ☐2 ____

   INCORPORATED FIRM ☐3

   OTHER (Specify)_____ ☐4

6. How long has your company been in business?

_____YEARS _____

7. How many years has your company been involved in residential renovation work?

_____YEARS _____

8. Excluding yourself, how many full time employees fall within each of the following categories?

LICENSED TRADESMEN	_____	_____
APPRENTICE TRADESMEN	_____	_____
UNLICENSED TRADESMEN	_____	_____
LABOURERS	_____	_____
OFFICE STAFF	_____	_____
PROFESSIONALS	_____	_____
OTHER (Please specify) _____	_____	_____
TOTAL FULL TIME EMPLOYEES	_____	_____

9. During your peak season, how many additional employees do you add to your payroll (for renovation work only)? Do not include subcontractors.

_____ EMPLOYEES _____

10. Which of the following skills or professions do you look for when hiring during your peak season?

CARPENTERS	☐1	_____
PLUMBERS	☐2	_____
ELECTRICIANS	☐3	_____
OTHER (Specify)_____	☐4	_____

11. What was your firm's 1985 revenue in total and for residential renovations only?

$_____ TOTAL REVENUE _____

$_____ RESIDENTIAL RENOVATION ONLY _____

12. In your residential renovation activities, what is the percentage share of the material component and labour component as a proportion of the total project value?

HIRED LABOUR	_____	____
PURCHASED MATERIALS	_____	____
OFFICE & OVERHEAD	_____	____
OTHER (Specify)_____	_____	____
TOTAL PROJECT VALUE	100%	

13. Indicate your source of supply for the materials used in your renovation work? (Check all that apply)

DIRECT FROM MANUFACTURER	☐1	____
WHOLESALE DEALER/DISTRIBUTOR	☐2	____
BUILDING SUPPLY DEALER	☐3	____
BY HOMEOWNERS	☐4	____
SUBCONTRACTOR/INSTALLER	☐5	____
OTHER (Specify)_____	☐6	____

14. How do you pay for your materials? (Check all that apply)

CASH	☐1	____
CREDIT CARD	☐2	____
LINE OF CREDIT FROM FINANCIAL INSTITUTION	☐3	____
BUILDING SUPPLIER ACCOUNT	☐4	____
OTHER (Specify)_____	☐5	____

15. Have your company's residential renovation sales grown, remained the same or declined from the period 1984 to 1985 and from 1985 to 1986?

	1984 TO 1985	1985 TO 1986	
GROWN	☐1	☐1	
REMAINED THE SAME	☐2	☐2	____
DECLINED	☐3	☐3	____

16a. Do you think your company's residential renovation sales will grow, remain the same or decline from 1986 to 1987?

GROW ☐1
REMAIN THE SAME ☐2 _____
DECLINE ☐3

16b. Why do you think this will happen? (For 1986 to 1987)

_____

17. Rank the four most significant problems your firm faced during 1984 and 1985 in the residential renovation business. (1=most significant; 2=second most significant; 3=third most significant and 4=fourth most significant).

PUBLIC IMAGE OF INDUSTRY	_____	_____
LABOUR COSTS	_____	_____
LABOUR PROBLEMS	_____	_____
LACK OF SKILLED LABOUR	_____	_____
LACK OF BUSINESS MANAGEMENT SKILLS	_____	_____
MATERIAL COSTS	_____	_____
LACK OF MATERIAL	_____	_____
LACK OF WORK	_____	_____
LOCAL GOVERNMENT REGULATIONS	_____	_____
BUILDING CODES	_____	_____
ACCOUNTS RECEIVABLES	_____	_____
CUSTOMER RELATIONS	_____	_____
FINANCING	_____	_____
OTHER (Specify) _____	_____	_____

18. What proportion of your residential renovation work is done in each of the following seasons?

WINTER (DEC-FEB)	_____	_____
SPRING (MAR-MAY)	_____	_____
SUMMER (JUNE-AUG)	_____	_____
FALL (SEPT-NOV)	_____	_____
	100%	

19. Rank in order of importance the four main ways your firm generates business. (1 = most important; 2 = second most important; 3 = third most important and 4 = fourth most important)

FLYERS AND LEAFLETS	_____	_____
DIRECT MAIL ADVERTISING	_____	_____
JOB SIGNS	_____	_____
YELLOWPAGE LISTING/ADVERTISEMENT	_____	_____
NEWSPAPER ADVERTISEMENT	_____	_____
RADIO ADVERTISING	_____	_____
TELEPHONE SOLICITATION	_____	_____
DOOR TO DOOR SALES	_____	_____
PAID REFERRAL SERVICE	_____	_____
SHOWROOM	_____	_____
WORD OF MOUTH	_____	_____
OTHER (Specify)_____	_____	_____

20. What percentage of your residential renovation work do you receive from each of the areas listed below?

a) WITHIN YOUR TOWN/CITY	_____	_____
b) WITHIN THE REST OF YOUR COUNTY	_____	_____
c) WITHIN OTHER COUNTIES (Specify Below)	_____	_____
_____		
d) IN OTHER PROVINCES (Specify Below)	_____	_____
_____		
e) OTHER (Specify) _____	_____	_____
TOTAL	100%	

21. Indicate how often you work with the following. (Check all that apply).

	Always	Usually	Seldom	Never
GENERAL CONTRACTORS	☐	☐	☐	☐
ARCHITECTS/DESIGNERS	☐	☐	☐	☐
SUBCONTRACTORS	☐	☐	☐	☐
OTHERS (Specify)_____	☐	☐	☐	☐

___	___	___	___
___	___	___	___
___	___	___	___
___	___	___	___

22. Does your firm use any kind of written contract with the home owner when performing renovation work?

YES ☐1
NO ☐2 _____

23. If applicable, does your contract include any type of written guarantee for the work you perform?

YES ☐1
NO ☐2 _____
NOT APPLICABLE ☐3

24. Do you think there should be a standard industry contract available for residential renovation work?

YES ☐1
NO ☐2 _____
NOT SURE ☐3

25. If a standard industry contract were available, should it include a written work guarantee?

YES ☐1
NO ☐2 _____
NOT SURE ☐3

26. If a standard industry contract were made available by the Nova Scotia Home Builder's Association for residential renovation work, how likely would your firm use it?

VERY LIKELY ☐1
SOMEWHAT LIKELY ☐2
NOT VERY LIKELY ☐3 _____
NOT LIKELY AT ALL ☐4

26b. Please elaborate. _____

_____

27. What proportion of your residential renovation work involves Government grants?

_____%

DON"T KNOW ☐ 99 _____

28. Are you a member of any construction/renovation association?

YES ☐1 (Specify)_____ ____

NO ☐2

29. Do you feel an association strictly for the renovation industry would benefit your firm?

YES ☐ 1

NO ☐ 2 ____

NOT SURE ☐ 3

30. Are you able to get as much information as you think you need on new materials and techniques for residential renovations?

YES ☐1

NO ☐2 ____

31. Are new materials and techniques available as requested by your clients?

YES ☐1

NO ☐2 ____

32. Please rank in order of importance, your four main sources of information on new materials and techniques for residential renovations? (1 = most important, 2 = second most important, 3 = third most important and 4 = fourth most important).

TRADE SCHOOL/EDUCATIONAL INSTITUTES	_____	____
TRADE PUBLICATIONS AND PERIODICALS	_____	____
GOVERNMENT PUBLICATIONS	_____	____
SALES AGENTS	_____	____
BUILDING SUPPLIERS	_____	____
DISCUSSIONS WITH OTHER FIRMS AND INDUVIDUALS	_____	____
OTHER (Specify)_____	_____	____

33a. Could the quality of this information be improved? If so, how?

YES ☐1 (Specify how) _____ ____

NO ☐2

33b. Could access to this information be improved? If so, how?

YES ☐1 (Specify how) _____ ____

NO ☐2

34. What was your main reason for entering into residential renovation work? Check only one.

GOOD PROFIT POTENTIAL ☐1
EASE OF ENTRY INTO THE MARKET ☐2
LIKED THE TYPE OF WORK ☐3
WANTED TO OWN MY OWN BUSINESS ☐4
FAMILY TRADITION ☐5 _____
OTHER (Specify)_____ ☐6

35. How many years have you personally been involved in residential renovation work?

_____YEARS _____

36. What occupation did you hold prior to becoming a renovator?

_____ _____

37. Do you practice any profession or occupation now at the same time as working as a renovator?

YES ☐1 (Specify) _____ _____
NO ☐2

38. Which of the following categories best describes your qualifications?

LICENCED TRADESMEN (Specify) _____ _____
APPRENTICE TRADESMEN (Specify) _____ _____
PROFESSIONAL (Specify) _____ _____
OTHER (Specify) _____ _____

39a. Since you received your formal education or training have you attended any educational institute, seminars or conferences which allowed you to update your skills?

YES ☐1
NO ☐2 _____

39b. If yes above, specify the most recent course taken, seminar or conference attended and the year in which you attended.

COURSE _____ _____ _____
SEMINAR _____ _____ _____
CONFERENCE _____ _____ _____

40. Do you wish to receive the results from this survey?

YES ☐1 NO ☐2 _____

Thank you for your participation, a representative from the DPA Group Inc. will be calling you shortly to record your response.

APPENDIX E

RENOVATORS' SURVEY SAMPLE

NOVA SCOTIA RESIDENTIAL RENOVATION STUDY

CASE STUDY PHASE SAMPLE

HALIFAX AREA

Respondents:

Priority	Company Name & Address	Phone	Total # Employees	Renovation Revenue
4	A.B. Contracting P.O. Box 112 Armdale, Halifax, NS Contact: Brian MacFaden	422-3527	4	
2	Pelton & Co. Ltd. Contact: Vernon Pelton	429-4901	9	600,000
4	A & D Cabinets Contact: Doug Stoddard	434-2380	1	6,000
2	Frasers Flooring Ltd. 971 Cole Harbour Rd Dartmouth Halifax Contact: Fraser Newcombe	462-2719	6	200,000
1	P.J. Baxter construction 12 Burns Drive Halifax Contact: Paul Baxter	477-1810	8	280,000
4	Roy M. McPherson Plastering Ltd. 26A Old Sambro Road Halifax Contact: Roy McPherson	477-4610	2	N/A
1	F.M. Roode Enterprise Ltd. 196 Windmill Road Dartmouth Halifax Contact: Frank Roode	469-0496	13	700,000
4	Murphy & Wharton (1978) Ltd. 6250 Quinpool Road Halifax Contact: George Russell	423-7018	5	120,000

3	Russ Hamm Burner Service 5 Mayor Avenue Halifax Contact: Russ Hamm	477-2550	0	12,000
1	Uniquely-U 6 Randolph Street Halifax Contact: Gordon Noseworthy	477-4600	-	30,000
3	Manor Designs Ltd. 2745 Dutch Village Road Halifax Contact: Don Enders	455-8811	1	175,000
2	Oaktree Enterprises Ltd. 1654 Granville Street Halifax Contact: Darrell Spencer	422-6689	0	83,000
4	Weatherized products (1986) 1153 Bedford Highway Bedford Halifax Contact: Frank Murphy	835-7361	4	500,000
3	W.M. Sarty Siding Co. Ltd. Box 6 Site 16 RR#1 Enfield Halifax Contact: William Sarty	861-1510	3	525,000

NON-RESPONDENTS

	Downey Painting & Decorating P.O. Box 2711 Dartmouth Contact: James Downey	435-5076		
	T A Painting & Renovations 20 Devon Court Halifax Contact: Tim Ainsworth	477-9659		

Concrete Contractors
Blastcrete Ltd.
43 Wentworth Street
Dartmouth 463-2124
Contact: Robert Fraser

D & S Contracting
3115 Standord Street
Halifax 455-3181
Contact: Don Parsons

Goulden Dave Contractors
30 Greenvale Crescent
Dartmouth 434-5719
Contact: Dave Goulden

Metro Electric Ltd.
P.O. Box 8753 Station A
Halifax 443-9267
Contact: Norman Dube

REST OF PROVINCE

Valley Builders Ltd. P.O. Box 170 Hantsport Hants Contact: Lawrence Hailey	684-3312	16	100,000
Seaview Development Ltd. P.O. Box 7B RR#1 Tusket Yarmouth Contact: William Clark	648-2695	0	25,000
John's Backhoe and Trucking Rural Route 1 Paradise Annapolis Contact: John Graves	584-3295	2	N/A
P.D. Kaulback Bldg. Ltd. Rural Route 5 Bridgewater Lunenburg Contact: Paul Kaulback	685-2705	3	N/A
Leland Weatherbee Rural Route 1 Truro Colchester Contact: Leland Weatherbee	895-1300	1	N/A
Earl Horton P.O. Box 244 Yarmouth Yarmouth Contact: Earl Horton	742-4013	5	---
Truro Carpet Factory Outlet 109 robie Street Truro Colchester Contact: Jim Walsh	895-7917	5	refused

Marriott's Cove const. P.O. Box 85 Chester Lunenburg Contact: Alex Hartling	275-3320	1	135,000
H. & E. Estimating Service P.O. Box 409 Kentville Kings Contact: Henry Streeter	678-1091	7	79,600
George E Waugh & Son Const. P.O. Box 1316 Truro Colchester Contact: Gary Waugh	893-2611	--	45,000
Hilltop Distributor Rural Route 2 Guysborough Guysborough Contact: Donald Worth	533-2671	2	8,000
Leslie Patterson & Co. Ltd. 1001 Redden Avenue New Minas Kings Contact: Randy Patterson	678-46-93	1	40,000
Caledonia Electric Ltd. Hibernia Road Caledonia Queens Contact: Ron Frail	242-2663	1	36,000
Ed. Ogilvie's Heating and Oil Burner Service Summerville Hants Contact: Ed Ogilvie	523-2739	--	---
Jack's Burner Service P.O. Box 344 Shubenacadie Hants Contact: Jack France	758-3055	0	35,000

Terry Sampson Insulation Ltd. P.O. Box 282 St. Peters Richmond Contact: Terry Sampson	535-2310	3	400,000
Interiors by Elizabeth 587 King P.O. Box 530 Bridgewater Lunenburg Contact: Elizabeth Roy	543-2342	0	2,500
Elmac Locksmithing 87 Avon Street Truro Colchester Contact: Mr. MacLean	895-9354	0	500
Hynick's Enterprises 46 Hopson Street Lunenburg Lunenburg Contact: Gordon Hynick	634-4615	5	80,000
MacPhee's Enterprises Ltd. 45 Nova Drive Truro Colchester Contact: Wendell MacPhee	893-8267	3	200,000
Wayne Marshall Plumbing Nictaux West Middleton Annapolis Contact: Wayne Marshall	825-4371	2	20,000
Victoria Builders Ltd. P.O. Box 36 New Victoria Cape Breton Contact: Mr. L. Pearson	862-6730	4	80,000
C. Barbrick Siding P.O. Box 173 Shubenacadie Hants Contact: Carl Barbrick	758-3841	0	60,000

Energy Alternatives P.O. Box 671 Amherst Cumberland Contact: Stewart Lindsay	667-2790	3	---
Thomas Cabinets & Windows 509 King Bridgewater Lunenburg Contact: Ralph Thomas	543-1388	0	20,000
Murphy Aluminum Ltd. 23 Beacon Street Glace Bay Cape Breton Contact: Bernard Murphy	849-5370	4	450,000
A & N Johnson Supplies Ltd. P.O. Box 959 Pictou Pictou Contact: Alan Johnson	485-4362	11	1 million
Digby Woodworkers Ltd. Smiths Cove Digby Digby Contact: Andrew Brook	245-4589	4	67,500
Amherst Millwork Limited P.O. Box 521 Amherst Cumberland Contact: Dean Allen	667-5676	6	300,000
Cameron's Building Supplies 11 North Street Glace Bay Cape Breton Contact: Thomas Kennedy	849-3555	12	1.3million
Durling Window Sales P.O. Box 1439 Middleton Annapolis Contact: Frank Durling	825-6390	1	70,000

Redden's Dominion Hardware P.O. Box 650 Chester Lunenburg Contact: Jim Barkhouse	275-3542	8	665,000
Centreville Variety Discount Centreville Kings Contact: Jim Hoyt	678-7666	-	12,000
Peter L. Frank South Brookfield Calendonia Queens Contact: Peter Frank	242-2092	2	61,000

APPENDIX F

RENOVATOR'S SURVEY SUMMARY FREQUENCY TABLE

APPENDIX F : SUMMARY FREQUENCY RESULTS

	Halifax	Other Counties	Primary Renovators	Secondary Renovators
Question No. 2				
Yes	52.5	50.0	50.0	50.0
No	47.5	50.0	50.0	50.0
Question No. 3				
Residential-Interior Renovation	26.5	28.3	47.6	16.4
Residential-Exterior Renovation	13.7	22.9	36.1	9.4
Residential-New Construction	31.1	17.4	7.5	30.0
Commercial-Interior Renovation	5.8	7.8	3.3	9.7
Commercial-Exterior Renovation	6.4	5.5	3.5	7.9
Commercial-New Construction	8.8	13.7	.6	18.9
Other	7.3	4.5	1.3	7.2
Question No. 4				
Private Homeowners	76.1	70.4	79.7	68.7
Private Landlords	7.7	13.4	12.5	10.4
Government	4.0	5.3	4.7	4.9
Residential Developers/ Entrepeneurs	9.7	8.4	3.3	12.6
Other	1.1	1.5	.8	1.6
Question No. 5				
Sole Proprietorship	40.0	43.3	50.0	37.5
Partnership	12.5	6.7	7.9	8.9
Incorporated Firm	47.5	50.0	42.1	53.6
Question No. 6				
Years in Business	17.6	14.6	18.0	15.1
Question No. 7				
Years in Renovation	16.1	14.3	16.8	14.5
Question No. 8				
Licensed Tradesmen	2.5	1.1	1.3	1.9
Apprentice Tradesmen	.66	.64	.32	.9
Unlicensed Tradesmen	.68	1.1	.64	1.0
Labourers	.40	.42	.29	.5
Office Staff	.97	.77	.88	.8
Professionals	.11	.07	.02	.07
Other	.13	.54	.64	.2
Total Full Time Employees	5.5	4.3	4.2	5.3

Question No. 9				
Employees	5.7	3.6	4.2	4.6
Question No. 10				
Carpenters	38.2	28.3	41.9	30.0
Plumbers	5.9	13.2	12.9	10.0
Electricians	11.8	15.1	3.2	22.0
Other	52.9	49.1	51.6	48.0
Question No. 11				
Total Renvenue($)	1106316.13	477557.94	573964.32	836662.02
Residential Renovation Only($)	266500.00	246810.42	408406.45	143813.63
Question No. 12				
Hired labour	42.8	41.7	40.3	43.3
Purchased Materials	43.2	45.5	44.6	43.9
Office & Overhead	8.6	5.4	5.6	7.7
Other	.92	1.3	2.7	.17
Question No. 13				
Direct from Manufacturer	50.0	33.3	39.5	41.2
Wholesale Dealer/distributor	63.9	64.9	65.8	64.7
Building Supply Dealer	63.9	47.4	39.5	60.8
By Homeowners	8.3	8.8	2.6	13.7
Subcontractor/installer	22.2	8.8	15.8	13.7
Other	0	1.8	0	2.0
Question No. 14				
Cash	33.3	28.1	34.2	27.5
Credit Card	8.3	8.8	7.9	7.8
Line of Credit from Financial Institution	25.0	22.8	23.7	23.5
Building Supplier Account	69.4	66.7	65.8	68.6
Other	11.1	8.8	7.9	11.8
Question No. 15				
<u>1984 - 1985</u>				
Grown	51.4	41.1	36.1	51.0
Remained the Same	31.4	39.3	41.7	31.4
Declined	17.1	19.6	22.2	17.6
<u>1985 - 1986</u>				
Grown	55.6	41.7	39.5	51.9
Remained the Same	25.0	26.7	31.6	22.2
Declined	19.4	31.7	28.9	25.9

Question No. 16a.

Grow	59.0	45.6	50.0	50.0
Remain the Same	28.2	40.4	33.3	37.0
Decline	12.8	14.0	16.7	13.0

Question No. 17

Public Image of Industry	8.1	1.8	0	7.5
Labour Costs	43.2	25.0	27.8	35.8
Labour Problems	5.4	0	2.8	1.9
Lack of Skilled Labour	24.3	25.0	16.7	30.2
Lack of Business Management Skills	16.2	8.9	13.9	11.3
Material Costs	37.8	41.1	36.1	39.6
Lack of Material	8.1	14.3	11.1	13.2
Lack of Work	29.7	39.3	36.1	30.2
Local Government Regulations	8.1	16.1	8.3	17.0
Building Codes	2.7	5.4	2.8	5.7
Accounts Receivables	24.3	10.7	16.7	15.1
Customers Relations	2.7	5.4	2.8	3.8
Financing	27.0	17.9	19.4	22.6
Other	29.7	21.4	25.0	24.5

Question No. 18

Winter	16.5	16.2	19.4	14.9
Spring	25.0	21.9	21.5	24.4
Summer	28.9	34.2	31.4	31.5
Fall	27.7	28.6	29.2	27.8

Question No. 19

Flyers and Leaflets	15.0	8.5	8.1	18.7
Direct Mail Advertising	5.0	5.1	8.1	1.8
Job Signs	22.5	18.6	13.5	23.2
Yellowpage Listing/advertisement	82.5	61.0	62.2	76.8
Newspaper Advertising	35.0	47.5	37.8	48.2
Radio Advertising	2.5	13.6	13.5	7.1
Telephone Solicitation	0	3.4	0	3.6
Door to Door Sales	5.0	3.4	5.4	3.6
Rapid Referral Service	2.5	1.7	2.7	1.8
Showroom	12.5	20.3	27.0	12.5
Word of Mouth	97.5	88.1	91.9	92.9
Other	10.0	8.6	13.5	7.3

Question No. 20

Within Your Town/city	89.2	61.4	73.5	68.7
Within the rest of your County	9.0	29.7	19.7	25.0
Within Other Counties	1.3	7.8	5.5	5.5
In Other Provinces	0.5	0.4	1.2	0
Other	2.5	0	0	1.8

Question No. 21

General Contractors:

Always	21.6	20.0	16.7	23.5
Usually	40.5	27.3	19.4	43.1
Seldom	18.9	30.9	36.1	17.6
Never	18.9	21.8	27.8	15.7

Architects/Designers:

Always	11.1	7.3	0	11.5
Usually	27.8	9.1	15.2	17.3
Seldom	36.1	38.2	42.4	38.5
Never	25.0	45.5	42.1	32.7

Subcontractors:

Always	15.4	17.9	14.7	19.6
Usually	25.6	32.1	17.6	37.5
Seldom	38.5	16.1	29.4	17.9
Never	20.5	33.9	38.2	25.0

Others:

Always	11.1	7.7	0	9.1
Usually	33.3	7.7	11.1	27.3
Seldom	11.1	7.7	11.1	9.1
Never	44.4	76.9	77.8	54.5

Question No. 22

Yes	70.0	46.6	54.1	53.6
No	30.0	53.4	45.9	46.4

Question No. 23

Yes	52.5	45.6	48.6	45.5
No	15.0	17.5	13.5	18.2
Not Applicable	32.5	36.8	37.8	36.4

Question No. 24

Yes	60.0	67.8	65.8	66.1
No	12.5	6.8	2.6	10.7
Not Sure	27.5	25.4	31.6	23.2

Question No. 25

Yes	85.0	79.7	78.9	82.1
No	0	1.7	0	1.8
Not Sure	15.0	18.6	21.1	16.1

Question No. 26				
Very Likely	37.5	46.3	40.0	46.3
Somewhat Likely	47.5	35.2	40.0	38.9
Not Very Likely	15.0	16.7	17.1	14.8
Not Likely At All	0	1.9	2.9	0
Question No. 27				
Government Grants	7.8	16.2	12.6	14.4
Question No. 28				
Yes	28.2	23.7	18.9	28.6
No	71.8	76.3	81.1	71.4
Question No. 29				
Yes	37.5	33.9	36.8	37.5
No	30.0	27.1	23.7	30.4
Not Sure	32.5	39.0	39.5	32.1
Question No. 30				
Yes	77.5	61.7	76.3	58.9
No	22.5	38.3	23.7	41.1
Question No. 31				
Yes	87.5	82.8	86.8	81.5
No	12.5	17.2	13.2	18.5
Question No. 32				
Trade School/Educational Institutes	0	6.7	5.3	3.6
Trade Publications and Periodicals	52.5	45.0	47.4	48.2
Government Publications	15.0	20.0	13.2	21.4
Sales Agents	55.0	58.3	50.0	60.7
Building Suppliers	82.5	66.7	65.8	76.8
Discussions with Other Firms	65.0	52.3	55.3	66.1
Other	7.5	8.3	5.3	10.7
Question No. 33a				
Yes	55.3	71.4	72.2	57.7
No	44.7	28.6	27.8	42.3
Question No. 33b				
Yes	56.8	73.2	65.7	66.0
No	43.2	26.8	34.3	44.0

Question No. 34

Good Profit Potential	7.9	15.0	13.2	10.9
Easy of Entry into the Market	15.8	8.5	2.6	18.2
Liked the Type of Work	21.1	28.8	26.3	23.6
Wanted to own my own business	42.1	27.1	34.2	32.7
Family Tradition	7.9	16.9	18.4	10.9
Other	7.9	11.9	13.2	7.3

Question No. 35

Years	19.3	18.4	21.7	17.5

Question No. 37

Yes	23.7	43.9	36.1	37.0
No	76.3	56.1	63.9	63.0

Question No. 38

Licenced Tradesmen	35.1	47.5	44.7	43.4
Apprentice Tradesmen	5.4	1.7	2.6	1.9
Professional	43.2	35.6	34.2	43.4
Other	18.9	16.9	18.4	15.1

Question No. 39a

Yes	69.4	46.7	47.2	60.0
No	30.6	53.3	52.8	40.0

APPENDIX G

CASE STUDY INTERVIEW GUIDE

APPENDIX G

CASE STUDY INTERVIEW GUIDE

1. Why do firms tend to be small?
   Does ease of entry to the industry, coupled with the large number of one person firms, imply that there are many unqualified persons working in residential renovations.

2. What are the pressures which influence fulltime renovators as compared to part-timers?
   Why is it necessary for so many firms to have alternative sources of income?
   What is the nature of the alternate work types?

3. Why to many firms have marginal profits?
   How could this situation be improved?
   If profits are so low, why remain in business?
   Is the apparent lack of business due to the cyclic nature of the industry?
   How could the NSHBA/CMHC/CHBA improve the winter work loads?

4. What skills are necessary or are lacking among renovators and available labour force?
   Would an adequate training program resolve this deficiency?
   How could a curriculum be structured to best aid the industry?
   How could industry best provide input to development of training programs/packages?
   Surveys indicate that 60 percent of staff in the industry lack adequate qualifications. Is this creating problems in terms of quality of repair?

5. There appears to be some degree of specialization, either interior or exterior, in the industry. Would

rationalization of the industry (i.e. fewer firms with less specialization) result in a more stable work load?

6. Is financing of the firm an obstacle (more firms seem to sue builders accounts)?

7. Are advertising and marketing capabilities a problem? Clearly, word of mouth is an important promotional tool. Given its limitations, how can this situation be improved?

8. Are supervision, management and general business skills (like bookkeeping) a problem?
It is evident that material and labour costs re of concern to renovators. What is the exact nature of this concern?
Is it possible to control or reduce these costs?
Is there a role which government or an industry association (like NSHBA) could play in helping with finance, advertising, supervision or marketing issues/problems?

9. Why is membership in the industry association (NSHBA) so low?
Are firms not aware of the benefits derived from such association?
Are firms too busy to participate fully in the activities of such an association?

10. What form should a standard contract and/or warranty take and how would it be used?
How big an issue is quality of work]?

11. Can product and technical information be better provided?

12. With regard to future activity, 50 percent of renovators interviewed predicted stability while the other half predicted growth in the industry. What does this imply?
A household survey indicates that the potential for total renovation activity in 1987 will be approximately 300 million dollars. Why are "specialists" renovators more pessimistic than "general" renovators when indications clearly show an increased value in residential renovations.

13. Are most home owners acting as general contractors on major renovations which require several sub-trades?
If os, does this crate problems and of what nature?
Is "coordination" a service which could be offered by an umbrella group such as NSHBA; for a fee or for free?

14. How much influence do renovators have on the nature of work to be performed?
(Materials, type of renovation, approach and phasing)
Would you be able to influence the use of a standard contract or warranty if one was available?
How often do you work with architects, or are most jobs to small to require this type of professional help.

15. How will the industry be affected by mini-homes, the resurgence of mobile homes and/or prefab/modular construction techniques?
Are these having an effect on the industry at this time?
Is this market segment not relevant to your activities?

THANK YOU FOR YOUR TIME.